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Report of the Board of Trustees on major activities of the United Nations Interregional Crime and Justice Research Institute

Pursuant to Commission on Crime Prevention and Criminal Justice decision 26/1, the report of the Board of Trustees of the United Nations Interregional Crime and Justice Research Institute for 2016, contained in document E/CN.15/2017/8, is transmitted to the Economic and Social Council, in accordance with article IV, paragraph 3 (e), of the Statute of the Institute (Economic and Social Council resolution 1989/56, annex).

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Item 19 of the preliminary list*
Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development

Economic and Social Council
2017 session
28 July 2016-27 July 2017
Agenda item 11 (a)
Implementation of and follow-up to major United Nations conferences and summits: follow-up to the International Conference on Financing for Development

Summary by the President of the Economic and Social Council of the forum on financing for development follow-up, including the special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 22-25 May 2017)[1]

I. Introduction

1. The second forum on financing for development follow-up of the Economic and Social Council was held in New York from 22 to 25 May 2017. The forum was chaired by the President of the Council, Frederick Musiiwa Makamure Shava (Zimbabwe). It brought together a large number of high-level participants, including 20 ministers and vice-ministers, as well as numerous high-level government officials in the areas of finance, foreign affairs and development cooperation. An unprecedented number of Executive Directors from the International Monetary Fund (IMF) and the World Bank Group (24), as well as senior officials from the United Nations system and other international organizations, including the major institutional stakeholders of the financing for development follow-up process, attended the forum. There was also strong representation from civil society organizations, the business sector and local authorities.

2. The first day of the ministerial segment featured a special high-level meeting with the World Bank Group, IMF, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD). Its morning session provided an opportunity for the heads of the major institutional

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[1] A more comprehensive summary of the forum on financing for development follow-up of 2017 is included in a publication available from www.un.org/esa/ffd.

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stakeholders, as well as their intergovernmental organizations, to interact with their United Nations counterparts on issues of common interest in the follow-up to the financing for development outcomes. A salient feature of the special high-level meeting was the interactive dialogue with the representatives of intergovernmental bodies and senior management of the World Bank Group, IMF and UNCTAD on two themes: (a) fostering policy coherence in the implementation of the Addis Ababa Action Agenda; and (b) inequalities and inclusive growth. The second day of the ministerial segment was structured in the form of three ministerial round tables on steps taken towards the implementation of commitments contained in the Addis Ababa Action Agenda and other financing for development follow-up outcomes, followed by the general debate.

3. The expert segment consisted of four multi-stakeholder thematic round tables and two expert discussions. In addition, a stakeholder dialogue was organized with the participation of civil society, the business sector and local authorities, followed by a panel discussion on the outcomes of the forums mandated by the Addis Ababa Action Agenda and updates on key voluntary initiatives launched at the third International Conference on Financing for Development.

4. The participants had before them a note by the Secretary-General entitled "Financing for development: progress and prospects" (E/FFDF/2017/2). The report of the Inter-Agency Task Force on Financing for Development of 2017 provided the major substantive input.

II. Opening of the forum on financing for development follow-up

5. The opening of the forum featured statements by the President of the Economic and Social Council; the Deputy Secretary-General of the United Nations (video message); the Managing Director of IMF, Christine Lagarde (video message); the Senior Vice-President for the 2030 Development Agenda, United Nations Relations and Partnerships of the World Bank Group, Mahmoud Mohieldin; and the Deputy Director General of WTO, Yonov Frederick Agah.

6. The President of the Economic and Social Council pointed out that the world was facing a host of economic, social, environmental and humanitarian challenges, and that realizing the Sustainable Development Goals in this difficult environment made the full and timely implementation of the Addis Ababa Action Agenda more important than ever. Reaching consensus on a substantive and comprehensive outcome document of the forum, reaffirming key elements of the Addis Ababa Action Agenda and creating new commitments on policies and actions sent a strong signal that the international community remained deeply committed to multilateralism and the global partnership for sustainable development. In that regard, the President of the Council congratulated the two co-facilitators, the Permanent Representative of Belgium to the United Nations and the Permanent Representative of South Africa to the United Nations, on their impressive efforts to reach consensus on the outcome document of the forum, which would inform the high-level political forum on sustainable development.

7. The Deputy Secretary-General highlighted that the Addis Ababa Action Agenda, the 2030 Agenda for Sustainable Development and the Paris Agreement provided the framework for sustainable development. Referring to the challenging global environment, the Deputy Secretary-General emphasized the need for additional long-term high-quality investments to stimulate sustainable low-carbon growth and urgent measures to address the needs of the poor and vulnerable. The forum provided an opportunity to reaffirm the collective commitment of governments and all stakeholders to sustainable development and multilateralism.

8. Ms. Lagarde outlined five key ways in which IMF was working to advance the implementation of the Addis Ababa Action Agenda: (a) strengthening the global financial architecture while also helping countries with external financing to support their development efforts; (b) supporting countries in strengthening domestic revenue mobilization; (c) evaluating the negative impact of illicit financial flows, including tax evasion and criminal activity with regard to development efforts, and supporting relevant reforms; (d) engaging with small States to help them build their macroeconomic and financial resilience to natural disasters and climate change; and (e) promoting debt sustainability and exploring innovative instruments to manage public debt.

9. Mr. Mohieldin emphasized that, in order to move the discussion from "billions" in official development assistance (ODA) to "trillions" in investments of all kinds, multilateral development banks needed to change the way they worked on development finance. The World Bank Group had made some progress, including through: (a) a record replenishment of $75 billion for the World Bank Group's International Development Association; (b) working closely with IMF and other multilateral development banks to increase the effectiveness of domestic resource mobilization, develop a tax policy assessment framework and increase the voice of developing countries in the global discussion on tax issues; and (c) crowding in the private sector, whenever possible.

10. Mr. Agah highlighted the importance of multilateral trade agreements in the implementation of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. In that regard, he emphasized that trade was a driver of economic growth. However, trade growth underperformed gross domestic product (GDP) growth after the financial crisis of 2008, and the right policy mix was needed to achieve the recovery of trade. The rules-based multilateral trading system was indispensable because it brought predictability, security and sustainability to international relations. The Deputy Director General drew the conclusion that priority should be given to strengthening the system and delivering new reforms in order to ensure that WTO delivered new outcomes for the achievement of the Sustainable Development Goals and the Addis Ababa Action Agenda.

III. Statements by institutional stakeholders

11. Statements were made by the President of the Trade and Development Board of UNCTAD, Christopher Onyanga Aparr (Uganda); the Executive Secretary of the Joint World Bank/IMF Development Committee, Yvonne Tsikata; and the Deputy Secretary of the International Monetary and Financial Committee of IMF, Patricia Alonso-Gamo. Keynote presentations were also delivered by the Under-Secretary-General for Economic and Social Affairs, Wu Hongbo (as Chair of the Inter-Agency Task Force on Financing for Development); the Secretary-General of UNCTAD, Mukhisa Kituyi (video message); the Associate Administrator of the United Nations Development Programme (UNDP), Tegegnework Gettu (on behalf of the United Nations Development Group); and the Executive Secretary of the Economic and Social Commission for Asia and the Pacific, Shamshad Akhtar (on behalf of the regional commissions). Keynote presentations were followed by a general debate.

12. Mr. Aparr underscored that globalization must be inclusive and that reviving global solidarity and partnership was a vital part of the Addis Ababa Action Agenda. He suggested that the forum consider: (a) how developing countries could mobilize domestic and international resources in the context of weak trade growth; (b) what reforms would be required to create inclusive international financial markets and investment regimes; (c) how to ensure participation by developing countries in

global economic governance; and (d) how developing countries could take advantage of new opportunities, including e-commerce.

13. Ms. Tsikata shared a brief overview of the ninety-fifth meeting of the Joint World Bank/IMF Development Committee held in Washington, D.C., on 22 April 2017. At the meeting, Governors had called on the World Bank Group and IMF to provide advice and support to advance inclusive and sustainable growth policies, deliver the 2030 Agenda for Sustainable Development and protect the most vulnerable. Development Committee members also underscored that reducing inequality was necessary to ensure long-term and sustainable growth. Governors supported the World Bank Group's scaled-up activities in crisis preparedness, prevention and response through investments to address the root causes and drivers of fragility by helping countries build institutional and social resilience.

14. Ms. Alonso-Gamo outlined three elements of the IMF strategy: structural, fiscal and monetary policies. IMF would continue to support its membership to deliver on its financing for development follow-up commitments by: (a) providing policy advice, financial support and capacity development; (b) facilitating multilateral solutions across countries to meet global challenges; and (c) providing support to low-income countries, commodity exporters and small and fragile States.

15. The Under-Secretary-General for Economic and Social Affairs officially launched the report of the Inter-Agency Task Force on Financing for Development for 2017 and presented its key findings. He pointed out that a combination of national actions and international cooperation could help change the current trajectory of the global economy and support countries towards achieving the Sustainable Development Goals. In that regard, long-term and quality investments in sustainable development had to be increased. In that connection, the Task Force proposed measures to address impediments to private investments and enhance public investments in infrastructure and the Sustainable Development Goals.

16. Mr. Kituyi expressed concern about the recent ODA trends, which affected the realization of core ODA targets. There was a need to strengthen smart partnerships with the private sector, including through more action-oriented initiatives, such as the sustainable stock exchange initiative. On the other hand, the risks of public-private partnerships must be jointly studied so that they did not increase the debt burdens of future generations. Mr. Kituyi reminded participants that there were no shortcuts to implementing the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda.

17. Mr. Gettu emphasized that it was critical to mobilize long-term investment for sustainable development and provide fiscally sustainable and nationally appropriate social protection to assist the poorest and most vulnerable. Resources for hosting refugees in donor countries should not dilute ODA for long-term sustainable development. UNDP was supporting countries in the development of integrated financing frameworks with a focus on catalytic interventions, crowding in private investments and building partnerships.

18. Ms. Akhtar shared that growing distrust of globalization was leading to short-sighted protectionist measures and the unanticipated tightening of monetary policy, compounding global uncertainty, which could lower growth in the Asia-Pacific region. Policies needed to play a greater role in expanding social safety nets and reducing inequality. Regional commissions had made efforts to support the implementation of the Addis Ababa Action Agenda with a focus on four key areas: domestic resource mobilization, efficiency of public financial management, fostering infrastructure investment and financial inclusion.

IV. Interactive dialogue with intergovernmental bodies of major institutional stakeholders

19. The interactive dialogue was chaired by the President of the Economic and Social Council and moderated by Sara Eisen of CNBC. Opening remarks were delivered by the President of the Council; the Co-Dean of the Board of Executive Directors of the World Bank Group, Hervé de Villeroché; Executive Director of IMF Hazem Beblawi (on behalf of the Dean of the Board of Executive Directors of IMF); and the President of the Trade and Development Board of UNCTAD, Christopher Onyanga Aparr.

20. The President of the Economic and Social Council underscored that major institutional stakeholders in financing for development follow-up were aligning their workflows in an unprecedented manner with United Nations-led outcomes, including the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and the Paris Agreement. Building on a strong foundation of growth, specific policies and approaches could both improve growth and reduce inequality. He highlighted that investment in inclusive and resilient infrastructure was an important way to address inequality in access to markets, finance and technology.

21. Mr. de Villeroché noted that the forum was a critical platform for monitoring financing commitments and financing initiatives to achieve the Sustainable Development Goals. He emphasized that ODA needed to be used strategically to catalyse additional private capital. The World Bank Group's International Development Association had reached a record replenishment of $75 billion. The International Finance Corporation had adopted a new long-term strategy to scale impact investing from the private sector and strengthen strategic engagement in key sectors in developing countries. The World Bank Group was fully committed to using its balance sheet to achieve the Sustainable Development Goals.

22. Mr. Beblawi noted close parallels between the global economic recovery and a sequence of actions by major institutional stakeholders. He informed the forum that, later in the week, the IMF Executive Board would consider proposals to improve the debt sustainability framework for low-income members of IMF. He acknowledged the importance of continued cooperation with other major institutional stakeholders in accordance with their respective mandates to implement the Addis Ababa Action Agenda.

23. Mr. Aparr noted that all countries needed to grow their exports and reform their trade to kick-start domestic revenue collection at the national level. Actions by development banks and the private sector were needed to address obstacles to investment in least developed countries. It was also key to hold donors accountable for their ODA commitments to those countries. The speaker also called for more inclusive discussions on the working out of sovereign debt at the United Nations.

24. The dialogue addressed two themes: (a) fostering policy coherence in the implementation of the Addis Ababa Action Agenda; and (b) inequalities and inclusive growth. Under the first theme, the lead discussants were: Executive Director of the World Bank Group Frank Heemskerk; the Chair of the IMF Executive Board Committee for Liaison with the World Bank, the United Nations and other International Organizations, Daouda Sembene; and the Vice-President of the Economic and Social Council, Nabeel Munir (Pakistan).

25. Mr. Heemskerk commented that the United Nations could promote coherence by benchmarking the performance of Member States and putting peer pressure on the private sector. There was a need for a tool box for engaging smaller companies. The best leveraging machine continued to be a well-functioning State. In that

context, he mentioned that International Development Association resources should be spent effectively and target the poorest of the poor.

26. Mr. Sembene noted that growth prospects had weakened, particularly for low-income countries. IMF supported capacity-building with regard to disaster risk management and public financial management for fragile States and low-income countries. In addition, IMF had taken measures to support low-income countries through increasing concessional finance and debt relief. IMF had also increased access to concessional finance for countries affected by natural disasters. The Fund continued to work on promoting global economic and financial stability through strengthening the global financial safety net and global financial regulatory reforms.

27. Mr. Munir noted that, at the national level, countries continued to face challenges in formulating multisectoral, integrated and coherent policies and actions towards the achievement of the Sustainable Development Goals. More international support for developing those policies was required, particularly for countries in special situations. The existing regional mechanisms must continue to adapt their work programmes to the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development, and more must be done to increase the coherence between national policies and global development priorities.

28. In the interactive discussion, there was a call for international trade and financial institutions to scale up their policy and financial support for low-income countries and fragile States with regard to public financial management and domestic resource mobilization, financial inclusion and combating illicit financial flows. There was emphasis on the need to mainstream trade in the Sustainable Development Goals and build trade capacity. In that regard, three priorities were highlighted: (a) trade facilitation reforms; (b) establishing new global rules for e-commerce; and (c) improving the ability of small businesses to access finance.

29. Under the second theme, the lead discussants were: Executive Director of the World Bank Group Patience Bongiwe Kunene; Executive Director of IMF Nancy Gail Horsman; Executive Director of IMF Masaaki Kaizuka; and the Vice-President of the Economic and Social Council, Jürgen Schulz (Germany).

30. Ms. Kunene referred to two issues relating to inequality: access and quality. She noted that one of the most visible gaps was connectedness. For example, the pace of urbanization in Africa was fast, whereas connectedness among cities was low. To address that, there should be demand-led strategies to create evidence-based solutions that used data.

31. Ms. Horsman pointed out that, in most advanced and emerging economies, inequality increased after the financial crisis of 2008. IMF research indicated that technological change, more than integration, was the leading factor behind the falling income of labour in advanced economies and was therefore the driver of inequality. Protectionism was not the answer. IMF had responded by providing policy advice that supported inclusive growth and encouraged national authorities to boost productivity.

32. Mr. Kaizuka noted that IMF respected country specificities, such as the lack of capacity to implement policies, in formulating policy advice. IMF also used a milestone approach to monitor the impact of interventions that would materialize over the long term. He called for effective collaboration among institutions based on comparative advantages and mandates.

33. Mr. Schulz underscored that inequality had been at the core of the agenda of the Economic and Social Council. There was a need to address systemic issues and establish inclusive institutions at all levels. There was also a need for the right policies and regulations to ensure that everyone could benefit from the economic

gains of a society. Strengthening the quality and the further disaggregation of data was essential in that respect.

34. During the interactive discussion, it was noted that technology and the digital economy provided opportunities, but also led to inequalities. The World Bank Group and IMF also highlighted the important work they had done to address gender equality. In addition, social protection was discussed, including the IMF target for "social protection floors" in the formulation of budgets for social safeguards in most low-income countries. With regard to financing, enhanced engagement of the private sector to fill the financing gap was emphasized, including through risk mitigation measures. It was also stressed that trade finance played a key role in addressing inequalities in trade.

V. Ministerial round tables: steps taken towards the implementation of commitments contained in the Addis Ababa Action Agenda and other financing for development follow-up outcomes

Ministerial round table 1

35. The round table was chaired by the President of the Economic and Social Council and moderated by the Deputy Managing Director of IMF, Tao Zhang. Presentations were made by: the Vice-President and Minister for Foreign Affairs of Panama, Isabel de Saint Malo de Alvarado; the Commissioner for International Cooperation and Development of the European Commission, Neven Mimica; the State Minister, Ministry of Finance and Economic Cooperation of Ethiopia, Admasu Nebebe; the Chief of Staff of the Department of Finance and Undersecretary for Privatization and Office of Special Concerns of the Philippines, Karen Singson; the Head of the Eurasian Development Bank, Dmitry Pankin; and Principal of the Abraaj Group Saqib Rashid.

36. Mr. Zhang noted that domestic resource mobilization was a core element of the Addis Ababa Action Agenda. Real progress had been made in increasing tax revenues over the past 15 years, especially in low-income countries. IMF remained fully committed to building domestic revenue capacity in developing countries and supported a wide range of multilateral initiatives, such as the Addis Tax Initiative and the Platform for Collaboration on Tax.

37. Ms. de Alvarado highlighted that Panama had fully integrated the 2030 Agenda for Sustainable Development into its national sustainable development strategy, with the majority of public investments earmarked for Sustainable Development Goals. To ensure broad buy-in, Panama had initiated a national dialogue with key stakeholders. Sustained economic growth, proper fiscal incentives and openness were key components that had allowed Panama to attract domestic and foreign investment in support of the Goals. The Vice-President called on the international community to explore ways in which foreign investments could promote the transfer of technology and know-how to developing countries.

38. Mr. Mimica noted that, in 2016-2017, the European Commission had allocated millions of euros in support of international tax cooperation. The Commission had stimulated greater public and private investment in the Sustainable Development Goals through a new European external investment plan. It had also increased ODA for the fourth consecutive year in 2016. The new European Consensus on Development, to be signed in June 2017, would reaffirm the collective European Union commitment on ODA (0.7 per cent of gross national income (GNI)) with a more ambitions commitment to least developed countries.

39. Mr. Nebebe outlined the road map of policy actions Ethiopia had developed for implementing the Addis Ababa Action Agenda. In recent years, Ethiopia had invested 25 per cent of its GDP in infrastructure, education, health and social protection policies to safeguard vulnerable people. Ethiopia would continue to work with bilateral and multilateral partners to improve tax revenue collection. New policies had also been enacted on public-private partnerships to ensure the fair sharing of risks and rewards between the public and private sector.

40. Ms. Singson emphasized that the Philippines would implement the Addis Ababa Action Agenda by shifting towards an investment-driven economy. The new government was urgently tackling resource mobilization challenges by cutting red tape, modernizing revenue collection, improving customs procedures and pursuing a government-wide crackdown on tax evasion. It planned to lower personal income and corporate tax rates, while increasing value added tax and excise tax rates on oil. Such policies would lead to increased revenue collection, which should promote inclusive economic growth, reduce poverty and help the Philippines become an upper-middle-income country by 2022.

41. Mr. Pankin noted that the landlocked client countries of the Eurasian Development Bank faced particular challenges in the implementation of the Addis Ababa Action Agenda in the areas of transport and trade facilitation. Landlocked developing countries had seen much lower growth than other developing countries. The solution lay not in unconditional trade liberalization and tariff reduction, but rather in regional cooperation. The Eurasian Development Bank would foster member State cooperation and integration by linking the value chains present in the region, with a focus on infrastructure development projects and the development of high value-added production and energy efficiency programmes.

42. Mr. Rashid described how more investors were expanding their investing in environmental, social and governance issues by using the 2030 Agenda for Sustainable Development as a coherent road map for sustainable development, actively seeking out companies that had made strides on corporate governance, labour relations and environmental policies. He called for countries to move towards a more dynamic regulatory environment in sectors such as health and education while ensuring a high standard of service delivery. He noted that large-scale investment in sectoral ecosystems was required to achieve the Sustainable Development Goals.

Ministerial round table 2

43. The round table was chaired by the President of the Economic and Social Council and moderated by the Senior Vice-President for the 2030 Development Agenda, United Nations Relations and Partnerships of the World Bank Group, Mahmoud Mohieldin. Presentations were made by the Minister for Industry of Nepal, Nabindra Raj Joshi; the Minister for Finance and National Planning of Tonga, Tevita Lavemaau; the Undersecretary of Economic and Development Affairs, Ministry of Foreign Affairs of Estonia, Väino Reinart; the Head of the Mexican Agency for International Development Cooperation, Agustín García-López; and the Executive Mayor of Rustenberg, South Africa, Mpho Khunou.

44. Mr. Mohieldin highlighted that demographic pressures would increase the need for jobs and infrastructure. The right balance between public and private finance to ensure affordable, accessible, reliable and climate-friendly infrastructure would be needed. While current infrastructure spending in developing countries would still largely come from public sources, there was much room for private and commercial financing to expand. Multilateral development banks were well

positioned to leverage more investment into infrastructure at the national and subnational levels.

45. Mr. Joshi discussed the challenges to the implementation of the Addis Ababa Action Agenda in Nepal. Efforts were under way to upgrade domestic infrastructure and nourish entrepreneurship, including at the village level. Domestic resource mobilization was also a core priority and important progress had been made in that regard. The tax-to-GDP ratio of Nepal was at 23 per cent, up from 9 per cent 20 years ago. Nepal was seeking more access to concessional finance with a focus on catalytic aid that could help crowd in private investment, specifically into infrastructure.

46. Mr. Lavemaau highlighted that the national development priorities of Tonga included a knowledge-based economy, good governance, infrastructure development, gender equality, environment protection and enhanced resilience to climate change. With regard to domestic resource mobilization, future reforms would aim at more progressive taxation, while more expenditure should target the combating of non-communicable diseases. The speaker stressed that ODA and other international support was also critical and further emphasized that multilateral development banks should factor the vulnerability of small island developing States into their lending decisions.

47. Mr. Reinart emphasized that the rule of law and good governance had been critical to enabling Estonia to become a high-income economy. Estonia had adopted a new development cooperation policy based on the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. Its primary focus was on supporting democracy, advancing peace and stability, guaranteeing human rights and promoting economic growth. Estonia had also continually increased its percentage of ODA. Estonia had also benefited from digital solutions, including the use of online tax declarations, e-health tools and online voting, which had resulted in economic development and helped reduce corruption.

48. Mr. García-López highlighted that, in 2016, ODA to countries in Latin America had declined, and accounted for only 4.6 per cent of the total. The speaker stressed that it was crucial to comply with ODA commitments, in particular in least developed countries and in Africa. It was also important to address the graduation concerns of low-income countries, including through methodologies for allocating resources that were not confined to per capita income. In that context, it was important to include the United Nations in the discussion on Total Official Support for Sustainable Development.

49. Mr. Khunou shared the perspective of local governments in the implementation of the Addis Ababa Action Agenda. He emphasized that investments in urban areas needed to be enhanced dramatically and that strengthening domestic resource mobilization could be achieved by diversifying local government resources and regulatory reform. Multilateral development banks and national development banks could also help by crowding in local investment. He called on national governments to guide international donors towards greater engagement at the subnational level.

Ministerial round table 3

50. The round table was chaired by the President of the Economic and Social Council and moderated by the Deputy Director-General of WTO, Yonov Frederick Agah. Presentations were made by: the Secretary of Planning of Guatemala, Miguel Ángel Estuardo Moir Sandoval; the Minister for Finance and Economic Development of Kiribati, Teuea Toatu; the Permanent Secretary of the Ministry of Foreign Affairs of Madagascar, Modeste Randrianarivony; the Undersecretary of

International Organizations, Ministry of Foreign Affairs of Ecuador, Carola Iñiguez Zambrano; the Deputy Head of the Global Agenda Department, Ministry of Foreign Affairs of Sweden, Inger Buxton; and the Executive Director of the African Forum and Network on Debt and Development (AFRODAD), Fanwell Kenala Bokosi.

51. Mr. Agah outlined the WTO implementation of concrete commitments in the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development, including a ministerial decision eliminating export subsidies and setting out new rules on export credits. The entry into force of the Agreement on Trade Facilitation was another important development in the effort to reduce bureaucracy and the cost of trade. WTO also allowed improved access to affordable medicines by developing countries. Outstanding challenges included subsidies for fisheries.

52. Mr. Sandoval highlighted that the national development plan of Guatemala linked the priorities of the 2030 Agenda for Sustainable Development with public policies and its budget, prioritizing food security, nutrition, education and democratic institutions. Guatemala had also improved its institutional framework and monitoring processes with respect to the judicial and tax systems. In addition, Guatemala had passed an anti-money-laundering law to combat illicit financial flows. The speaker also emphasized that ODA, South-South cooperation and market access remained crucial for developing countries.

53. Mr. Toatu explained the national development plan of Kiribati with respect to strengthening the financial framework, addressing international debt, managing public expenditure and implementing tax and subsidy reforms. Implementation of the Sustainable Development Goals required infrastructure investment and greater institutional capacity. Flexible and predictable ODA and multilateral financing were essential to addressing those challenges. Kiribati would continue to leverage national savings to attract concessional funding and funding from other countries.

54. Mr. Randrianarivony highlighted that the national implementation plan of Madagascar focused on: (a) ensuring the rule of law; (b) creating a stable and inclusive financial system; (c) improving the fiscal system; (d) promoting public-private partnerships and ensuring that private and public services were accountable, effective and efficient; (e) streamlining the use of capital; (f) creating a system for information on and monitoring of the mobilization of domestic resources; (g) updating sectoral policies and raising awareness through workshops on several Sustainable Development Goals; and (h) ensuring better coordination with development partners.

55. Ms. Zambrano highlighted that enhancement of domestic revenue collection was crucial to realizing the Sustainable Development Goals. She called for reforms of the international financial system to address tax evasion. In February 2017, Ecuador had held a national referendum and became the first country in the world to prevent individuals who had financial accounts in tax havens from being elected to office. The speaker also called for the upgrading of the Committee of Experts on International Cooperation in Tax Matters to an intergovernmental body.

56. Ms. Buxton mentioned that Sweden had produced a report on the implementation of the Addis Ababa Action Agenda which included illustrative examples, challenges to implementation, lessons learned and relevant conclusions. Sweden used a gender-based approach in its budget and provided step-by-step training on gender equality assessments to all actors involved in national budgeting. At the international level, the Swedish International Development Cooperation Agency had created an instrument to assist with leveraging private capital for development and managing the associated risks.

57. Mr. Bokosi welcomed all efforts to implement fiscal measures focused on promoting gender equality and supporting disabled people. He stressed that it was important to improve tax cooperation, including by establishing an international tax body within the United Nations. The speaker also noted that the Global Infrastructure Forum should go beyond issues of blended finance and public-private partnerships and urged donor partners to fulfil their ODA commitments.

Interactive discussion

58. During the interactive discussion, speakers stressed that more work was needed to translate the commitments contained in the Addis Ababa Action Agenda to the national level. There were also calls to align the financing for development follow-up agenda more strongly with the 2030 Agenda for Sustainable Development, including with regard to human rights and environmental issues.

59. Several speakers highlighted the need for progressive taxation policies in order to fight poverty and inequality. One speaker mentioned that tobacco taxation was a useful tool to increase domestic resources. Others mentioned that it was critical to effectively tackle corporate tax avoidance and illicit financial flows. Several speakers expressed their appreciation for the work of the Committee of Experts on International Cooperation in Tax Matters and called for its upgrade to an intergovernmental body.

60. Some participants noted that it was crucial to put in place the right regulatory framework that provided for proper incentives for capital to flow into sustainable development. Participants highlighted that the United Nations was the proper place to explore guidelines for public-private partnerships to ensure the fair sharing of risks and rewards, clear accountability mechanisms and adherence to social and environmental standards.

61. Speakers stressed the importance of meeting the 0.7 per cent commitment of ODA/GNI, as well as the need for a more nuanced approach to graduation that went beyond measures of per capita income. More progress was also needed in improving development effectiveness, especially in terms of country ownership.

62. Speakers further highlighted that the Aid for Trade initiative could play an important role in trade facilitation but also should be geared towards increasing compliance with international labour standards. Some participants called on the WTO Ministerial Conference, to be held in Buenos Aires in December 2017, to focus on completing the Doha Development Agenda.

63. Some speakers called for international action on the commitment in the Addis Ababa Action Agenda to work towards a global consensus on guidelines for debtor and creditor responsibilities. Several speakers highlighted the need to strengthen existing and develop new links between civil society and governments, and to create integrated strategies to meet the Sustainable Development Goals.

VI. General debate

64. During the general debate, more than 80 representatives of Member States took the floor, including 19 ministers and vice-ministers, as well as other high-level government officials. Statements were also made by representatives of United Nations agencies and civil society organizations. Joint statements were delivered by representatives from the Group of 77 and China, the European Union, the Group of African States, least developed countries, landlocked developing countries, the Community of Latin American and Caribbean States, the Alliance of Small Island

States, the Caribbean Community and a group of countries in support of middle-income countries.

65. Delegations welcomed the report of the Inter-Agency Task Force as important input to the forum, including its intergovernmentally agreed conclusions and recommendations. Several speakers stressed its robust and well-balanced nature and called it a sound basis for reflection on progress and gaps in the implementation of the Addis Ababa Action Agenda.

66. Countries acknowledged the significant impact of the challenging global environment on the implementation of the 2030 Agenda for Sustainable Development, including difficult macroeconomic conditions, as well as humanitarian crises and conflicts. In order to ensure that the current global trajectory would not jeopardize the achievement of the Sustainable Development Goals, Member States called for accelerated national and international efforts to implement the Addis Ababa Action Agenda.

67. Several countries outlined their efforts to develop national action plans to implement the Addis Ababa Action Agenda. It was highlighted that the forum should continue to provide a platform for sharing national experiences in mainstreaming the Addis Ababa Action Agenda into domestic policies and reforms.

68. Countries underlined the importance of international conventions and agreements, including the Paris Agreement. There were strong calls for further climate action and predictable and sustainable support, taking into account the specific needs and special circumstances of developing countries. Countries also called for transformative actions on gender and highlighted the need to better consider the impact of development finance on gender equality and the empowerment of women and girls.

69. Many delegations emphasized the need for greater investment in quality, reliable, sustainable and resilient infrastructure. National, regional and multilateral development banks should continue to leverage private investment. In that connection, countries also emphasized the need for measures to assist poor and vulnerable people, including through social protection systems.

70. Delegations underlined the importance of domestic resource mobilization. Several speakers highlighted the need to fight corruption, increase transparency and enhance public resource management. Countries emphasized the importance of effective and efficient tax systems, including through greater tax cooperation and enhanced capacity-building. Developing countries called for an upgrade of the Committee of Experts on International Cooperation in Tax Mattersto an intergovernmental body. Countries also reaffirmed the commitment to substantially reduce illicit financial flows by 2030.

71. To fully tap into private finance at the national and international levels, countries noted the importance of increasing the volume and quality of domestic and foreign investment and pursuing policies that better aligned those flows with sustainable development. Delegations underlined the importance of further expanding financial inclusion across all segments of society, particularly women and youth.

72. Several delegations expressed concern about a decrease in ODA to least developed countries and called on donors to meet their commitments and to set a target to provide at least 0.2 per cent ODA/GNI to least developed countries. Countries also highlighted the potential of catalysing additional finance from other sources and through appropriately designed risk-sharing instruments. A few delegations emphasized the importance of adhering to the shared principles of the Global Partnership for Effective Development Cooperation.

73. Member States emphasized that trade remained an engine for sustainable development. Developing countries expressed alarm at the increase in the protectionist rhetoric and tendencies of some developed countries and reaffirmed the importance of a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable trading system under WTO.

74. Several delegations urged international financial institutions to consider the impact of indebtedness and called for further action on debt crisis prevention and market-based solutions for sovereign debt restructuring. Several developing countries also called for debt relief measures in cases of severe debt distress. Calls were made to improve global economic governance, including through giving greater voice and participation to developing countries in international financial institutions and standard and norm-setting bodies.

75. Countries noted the important progress that had been made in facilitating access to many technologies, but expressed concern about significant digital divides across and within countries. Many delegations pointed out the unique challenges faced particularly by African countries, least developed countries, landlocked developing countries and small island developing States, as well as middle-income countries and countries in conflict and post-conflict situations.

VII. Expert segment

Panel discussion: report of the Inter-Agency Task Force on Financing for Development for 2017

76. The panel discussion was chaired by the Vice-President of the Economic and Social Council, Marie Chatardova (Czechia). Opening remarks were delivered by the Director of the Financing for Development Office in the Department of Economic and Social Affairs of the Secretariat, Alexander Trepelkov (on behalf of the Under-Secretary-General for Economic and Social Affairs). The Chief of the Policy Analysis and Development Branch in the Financing for Development Office of the Department of Economic and Social Affairs, Shari Spiegel, moderated the discussion. The panellists were representatives of the five major institutional stakeholders of the financing for development follow-up process: the Deputy Director-General of WTO, Yonov Frederick Agah; the Director of the Strategy Policy and Review Department at IMF, Siddharth Tiwari; the Director of the Division on Globalization and Development Strategies for UNCTAD, Richard Kozul-Wright; the Director of Strategic Policy of the Bureau for Policy and Programme Support at UNDP, Pedro Conceição; and the Adviser on Financing for Development at the World Bank Group, David Kuijper.

77. Mr. Trepelkov delivered opening remarks in which he set the stage for the expert round tables and suggested that the members of the Inter-Agency Task Force build on the discussions in the next report. Ms. Spiegel described the structure and key findings of the report, highlighting the challenging global economic environment and its implication for the implementation of the Addis Ababa Action Agenda.

78. Mr. Agah emphasized the importance of multilateralism in resisting protectionism, which would hurt the poor, and the role of policies in ensuring that the benefits of trade were shared widely and equitably. He underscored that strengthening rules-based multilateral trading systems would contribute to inclusive growth. Technological innovation and automation would be additional challenges, since they would have major impacts on businesses, employment and the future of trade. Those would have to be addressed by a cross-cutting policy mix.

79. Mr. Tiwari pointed out the need for efforts at all levels to implement the financing for development follow-up outcomes, especially sustainable infrastructure investments. Mr. Tiwari also referred to the ratio of tax revenues to GDP, which were below 15 per cent and were therefore inadequate for the provision of basic public services in many developing countries. Medium-term revenue strategies and stronger enforcement mechanisms could play critical roles in that regard.

80. Mr. Kozul-Wright stressed the need for a sustainable growth strategy to achieve the Sustainable Development Goals. Post-financial crisis growth had been too slow and was not inclusive. Investment had also been insufficient because of the slowdown in global demand from developed economies, the short-term and rent-seeking behaviour of corporations and high debt levels. Developing countries therefore needed to expand their fiscal spaces. In addition to strengthening domestic resource mobilization, tax avoidance and tax evasion would also need to be addressed, as well as a mechanism to work out debt.

81. Mr. Conceição stated that UNDP had been integrating the Sustainable Development Goals into strategies, plans and budgets. Partner countries were increasingly asking about how they should prioritize the Sustainable Development Goals and how they could be financed. UNDP would support countries in the implementation of integrated national financing frameworks, which could provide an integrated approach on ways to mobilize and allocate resources with national sustainable development priorities. State-contingent financing instruments were promising options that could allow countries to address risks.

82. Mr. Kuijper suggested that the biggest challenges remained in fragile States and in countries under environmental stress, which were the home to 75 per cent of the poor. ODA and other international public finance would play a critical role in that regard. Efforts to better leverage ODA, as well as increase its effectiveness, should be taken to address fundamental issues such as governance, regulatory environments and capacity-building. In addition, one of the best ways to achieve progress would be to ensure gender equality.

83. During the interactive discussion, speakers addressed a variety of issues for consideration by the Inter-Agency Task Force, including the role of illicit financial flows, the potential of tobacco taxation for domestic resource mobilization and the impact of trade on growth and labour markets.

Round table A: domestic and international public resources

84. The round table was chaired by the Vice-President of the Economic and Social Council, Marie Chatardova, and moderated by the Policy Coordinator of the Financial Transparency Coalition, Pooja Rangaprasad. Presentations were made by the Mayor of Belize City, Darrell Bradley; the Commissioner General of the Liberia Revenue Authority, Elfrieda Stewart Tamba; the Director of Strategy, Partnerships and Development at the Agence Française de Développement, Philippe Orliange; and the Director of the Development Cooperation Directorate of the Organization for Economic Cooperation and Development (OECD), Jorge Moreira da Silva.

85. At the outset, Ms. Rangaprasad emphasized the critical role of domestic and international public resources and highlighted the importance of gender as a cross-cutting issue in that context, such as supporting gender equality through addressing gender biases in tax structures and budgeting processes.

86. Mr. Bradley noted the central role of local and regional governments for public resource mobilization and the achievement of the Sustainable Development Goals. He pointed out the insufficient central government transfers, which increased the pressure for revenue mobilization from taxes, fees and other sources at the local

level. In 2013, the Belize City Council issued a general obligation bond to finance public road infrastructure. The use of such financing instruments required good governance, transparency, stakeholder engagement and a conducive legal, structural and policy framework.

87. Ms. Tamba described how Liberia had implemented effective public finance policies and tools that contributed to strong economic growth from 2006 to 2013. However, growth rates had declined significantly as a result of the Ebola crisis. International public funds, including grants, would remain a critical source of financing for Liberia. To strengthen the use and management of public resources, Liberia utilized several frameworks, tools and initiatives, such as the Tax Administration Diagnostic Assessment Tool (TADAT), Public Expenditure and Financial Accountability (PEFA) assessments and Tax Inspectors Without Borders.

88. Mr. Orliange highlighted the role development banks played in long-term financing for sustainable development. In that context, he outlined the work of the International Development Finance Club, which provided a collaborative platform through which members shared experiences and combined financial resources. Specific areas of focus were climate change, sustainable urban development, access to project preparation and financing and increasing cooperation among its members.

89. Mr. da Silva presented preliminary ODA data for 2016. International aid peaked in 2016, partly as the result of increased domestic spending on refugees. At the same time, the share of ODA to least developed countries declined. Mr. da Silva provided an update on the status of the discussions on the modernization of the ODA measurement and the proposed measure of Total Official Support for Sustainable Development. OECD was also conducting research on linkages, synergies and trade-offs among different financing sources and instruments to understand their impacts, inform policy choices and reinforce accountability.

90. During the discussion, participants called for the further promotion of domestic resource mobilization through the strengthening of national tax systems and international cooperation on tax, for example through the Platform for Collaboration on Tax and the establishment of an intergovernmental body on international tax cooperation at the United Nations. Several participants agreed on the potential to support gender equality though tax reforms and gender-responsive budgeting. Participants urged countries to honour their ODA commitments and expressed their concern about the declining trend in ODA to least developed countries. Many participants also highlighted the importance of capacity-building at all levels, including for tax administration.

Round table B: domestic and international private business and finance

91. The round table was chaired by the Vice-President of the Economic and Social Council, Nabeel Munir, and moderated by the Senior President of YES Institute, Preeti Sinha. Presentations were made by the Permanent Representative of Jamaica to the United Nations, Courtenay Rattray; the Managing Director and Head of Corporate Social Responsibility and Sustainable Finance, Americas, at BNP Paribas, Hervé Duteil; the Executive Managing Director of the Japan Innovation Network, Hiro Nishiguchi; the Chief of Competitive Intelligence at Banca de las Oportunidades, Colombia, Nidia Reyes; and the Lead Economist of the Development Research Group of the World Bank Group, Leora Klapper.

92. At the outset, Ms. Sinha drew attention to the potential of the 2030 Agenda for Sustainable Development to establish a link between the public and private sector for sustainable development. She also elaborated the potential of financial inclusion and impact investment to bridge the financing gap to achieve the Sustainable Development Goals.

93. Mr. Rattray presented the work of the "Group of Friends of SDG Financing", which aimed to identify ways to mobilize the trillions of dollars required for the implementation of the Sustainable Development Goals. The group targeted institutional stakeholders to instil a long-term orientation in global capital markets. The speaker underscored the need to build country capacity to develop projects that were viable for investments. Though some progress had been made, fiduciary responsibilities were still preventing the consideration of environmental, social and governance criteria in many countries.

94. Mr. Duteil noted that BNP Paribas had set 13 quantified targets towards the achievement of the Sustainable Development Goals to be reached by 2018. He described how BNP Paribas would establish innovative tools for Sustainable Development Goal financing that addressed issues of critical importance to the private sector: yield, risks, liquidity and time horizon. He explained that impact investment would remain a niche and sustainability criteria would have to be included in products that met traditional investment standards.

95. Mr. Nishiguchi introduced the Sustainable Development Goal Holistic Innovation Platform (SHIP), promoting private sector innovation for the Sustainable Development Goals. The programme aimed to increase the pipeline of investable projects supporting Goal implementation and to accelerate progress in innovation. The programme provided support to an advanced innovation process by combining design thinking and lean start-up approaches during the critical incubation stage. As of the date of writing, the programme had supported the private sector in seven African countries with regard to Goals 3 and 7.

96. Ms. Reyes shared the experience of Colombia with regard to its national financial inclusion strategy, which focused on deepening financial inclusion in rural areas and promoting stronger use of financial services, the promotion of financing schemes for small and medium-sized enterprises and the development and implementation of a national financial and economic education strategy to promote financial literacy. As a result, more than 70 per cent of the adult population in Colombia now had a savings account, though a gap persisted between urban and rural access rates.

97. Ms. Klapper pointed out that the discussion on financial inclusion should move beyond credit to include account ownership and opportunities to store money. She stated that account ownership rates had grown significantly in the past years, though gaps still remained. Adequate policies and regulations and additional progress in consumer protection would be critical to the advancement of financial inclusion. Ms. Klapper also presented several country cases to illustrate the link between financial inclusion and the Sustainable Development Goals.

98. During the discussion, speakers supported the proposal to strengthen the quality of investments, including long-term investment, and emphasized the need to prepare a pipeline of investment-ready projects. The demand for risk sharing mechanisms for investments in sustainable development was reiterated. Some participants stressed the need to ensure that public-private partnerships served public interests and called for open and transparent discussions of guidelines at the United Nations. Speakers welcomed the discussion on financial inclusion and stressed the need for consumer protection.

Round table C: debt and systemic issues

99. The round table was chaired by the Vice-President of the Economic and Social Council, Nabeel Munir, and moderated by the Director of the Strategy Policy and Review Department at IMF, Siddharth Tiwari. Presentations were made by the Ambassador of Grenada to the United States of America, Angus Friday; an

economist of the Federal Ministry of Finance of Germany, Camillo von Müller; the Executive Director of the secretariat of the Intergovernmental Group of Twenty-four on International Monetary Affairs and Development, Marilou Uy; and the Senior Officer on Finance for Development, Latindadd-Fundación Jubileo of Bolivia (Plurinational State of), Patricia Miranda.

100. At the outset, Mr. Tiwari shared that IMF was committed to improving the international financial architecture and the global financial safety net, with a strong, quota-based IMF at the centre. With regard to debt sustainability, IMF was close to the completion of its review of the debt sustainability framework, with a focus on prevention. There must be proper frameworks to encourage the early engagement of debt creditors towards efficient and timely restructuring.

101. Mr. Friday shared the experience of Grenada with regard to debt restructuring. He referred to the linkages between exposure to extreme events and higher levels of indebtedness, especially in small island developing States. Learning from the past, Grenada had implemented a home-grown programme focused on fiscal and structural adjustments; and introduced a "haircut" on principal and interest payments, as well as a hurricane clause, which ensured predetermined deferrals in case of a hurricane.

102. Mr. Müller presented relevant Group of 20 work on debt, undertaken under the German presidency of the Group of 20. He was of the view that GDP-linked bonds had the potential to contribute to debt sustainability, as they could generate fiscal space for issuers and reduce public debt services in difficult times. However, he felt that one should be aware that GDP-linked bonds could deliver very different results, depending on the design. For markets to accept the instrument, the availability of statistical data was a prerequisite.

103. Ms. Uy stressed that putting in the right mix of macroeconomic structural policies to manage global headwinds must be complemented by multilateral actions. She further reminded the round table that the tightening of financial markets in systemically important economies and the volatility of exchange rates could disrupt investment and growth. Therefore, better macroeconomic coordination was needed, and IMF and the Group of 20 could play important roles. Furthermore, her organization, the Intergovernmental Group of Twenty-four on International Monetary Affairs and Development, called for comprehensive financial regulatory reforms.

104. Ms. Miranda highlighted the changing composition of debt, including the fact that there were more issuers of sovereign bonds in international markets and domestic debt was escalating. She made two recommendations. First, to address current external debt, the resolution of the General Assembly was a good start, but there was a need to go beyond. Second, to address new debt, it was important to take into account aggregate debt when assessing debt sustainability and to agree on a new debt ratio that showed debt service to fiscal revenue. The social impact of debt sustainability should also be assessed.

105. During the discussion, several participants warned of the risks of increasing debt burdens for the public sector through public-private partnerships. It was also stated that the promise to provide for the sound regulation of financial markets had not been delivered. In response, panellists explained that progress was being made and further action was pending the results of the evaluation conducted by the Financial Stability Board in that regard. The importance of transparency on debt levels was also highlighted by several speakers.

Round table D: trade, science, technology, innovation and capacity-building

106. The round table was chaired by the Vice-President of the Economic and Social Council, Cristián Barros Melet (Chile), and moderated by the Chief of the UNCTAD New York Office, Chantal Line Carpentier. Presentations were made by: the Executive Director of the Enhanced Integrated Framework, Ratnakar Adhikari; a trade negotiator for the Directorate General for Trade of the European Commission, Mark Henderson; the Chair of the National Science Foundation of Sri Lanka, Sirimali Fernando; and the Head of Global Trade of BNY Mellon, Joon Kim.

107. Ms. Carpentier set the stage by highlighting the importance of action areas D and G of the Addis Ababa Action Agenda and suggested that, instead of focusing narrowly on trade rules, action should be taken to promote capacity-building for custom agencies, facilitate economic diversification, strengthen regional integration and support micro, small and medium-sized enterprises. She also pointed to the growing digital divide, including the low participation of developing countries in e-commerce.

108. Mr. Adhikari presented the work of the Enhanced Integrated Framework, a dedicated programme aimed at helping least developed countries harness the benefits of trade. The main challenges for least developed countries, especially those in the process of graduating, were the lack of adequate infrastructure, outdated technology, low productive capacities and insufficient trade financing. Mr. Adhikari argued that investments in the Aid for Trade initiative would have a high developmental impact. He also highlighted the importance of capacity-building, especially with regard to the oversight and implementation of national projects.

109. Mr. Henderson emphasized that trade had a positive impact on developing countries. The European Union provided support to initiatives such as Aid for Trade and Everything but Arms. Furthermore, the European Union had 28 economic partnership agreements in force and another 21 signed, which provided duty-free and quota-free market access and flexible rules of origin. The European Union had also adopted a trade strategy aimed at directly supporting the achievement of the Sustainable Development Goals. Finally, the European Union would also aim to strengthen the coherence of its trade policies with other aid activities through the new European Consensus on Development.

110. Ms. Fernando highlighted that the science, technology and innovation strategy of Sri Lanka focused on high-tech initiatives, techno-entrepreneurship and directed innovation to ensure contributions to economic, social and environmental development. As a result of the implementation of the strategy, there had been a shift towards experimental development and the commercialization of research. In addition, private investment in research and development had increased significantly. However, high migration rates of skilled workers and risk-averse financing mechanisms posed constraints to the implementation of the strategy.

111. Mr. Kim elaborated on the trends, opportunities and challenges in trade finance in past years, including changes to the regulatory landscape, the lack of standardization of jurisdictions and technological changes. The raising of capital requirements in combination with increased regulatory cost would lead to some banks de-risking and reconsidering their activities in certain countries and regions. Mr. Kim also elaborated on BNY Mellon's explorations of technological solutions to labour and paper intensive trade finance, for example through blockchain technology and artificial intelligence.

112. During the discussion, speakers emphasized the importance of inclusive trade in relation to sustainable development. Some speakers pointed to the implications of trade deficits for developing countries, especially least developed countries that

were in the process of graduating. Others raised the importance of ensuring that micro, small and medium-sized enterprises were able to participate and benefit from global markets, since they were the biggest creators of employment. In the discussion on science, technology and innovation, speakers highlighted the vital role of human capacity-building. The need for financing mechanisms for the early stages of the innovation process and for small and medium-sized enterprises was underscored. Furthermore, one speaker pointed out the need for impact assessments of technology to ensure its contribution to sustainable development.

Expert discussion 1: promoting international cooperation to combat illicit financial flows in order to foster sustainable development

113. The expert discussion was chaired by the Vice-President of the Economic and Social Council, Cristián Barros Melet, and moderated by the Director of the New York Office of the United Nations Office on Drugs and Crime (UNODC), New York Office, Simone Monasebian. Presentations were made by the Executive Director of International Operations for the Internal Revenue Service's Criminal Investigations in the United States, Eric C. Hylton; the Deputy Director of the Ministry of Foreign Affairs of Nigeria, S. O. Olaniyan; the Director of the Macroeconomic Policy Division of the Economic Commission for Africa (ECA), Adam Elhiraika; and the Chief Executive of the Tax Justice Network, Alex Cobham.

114. Ms. Monasebian stressed the need to better use existing normative frameworks and conventions, including the United Nations Convention against Corruption, to deal with illicit financial flows and stolen asset recovery. UNODC was advancing the discussion by developing the methodology on monitoring illicit financial flows in the context of the Sustainable Development Goal indicator framework.

115. Mr. Hylton highlighted that the United States Treasury had increased its criminal enforcement on tax evasion, resulting in the seizure of many assets. While more needed to be done, recent years had seen an unprecedented increase in international cooperation on tax, including through the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes and the Platform for Collaboration on Tax. Whole-of-government approaches remained crucial at the national level to reduce tax evasion.

116. Mr. Olaniyan noted that illicit financial flows were the result of immoral practices and impunity. Criminal activities, commercial tax evasion and corruption were the three major reasons for those flows. Reversing that trend could generate desperately needed domestic revenues to implement the 2030 Agenda for Sustainable Development. Nigeria had introduced measures to reduce corruption and curb illicit financial flows, including through a single treasury account policy. However, more concerted international efforts were crucial, including through enhanced exchanges of information and stronger cooperation on asset recovery and return.

117. Mr. Elhiraika underscored that the High-level Panel on Illicit Financial Flows from Africa had found that Africa lost $80 billion each year owing to trade mispricing, criminal activities and corruption. ECA and the African Union had formed a consortium to work with external stakeholders to help African countries curb illicit financial flows. Capacity-building was particularly critical for African governments, including in the area of tackling challenges related to trade misinvoicing and mispricing.

118. Mr. Cobham expressed the view that the central driver of illicit financial flows was not corruption in poor countries but rather financial secrecy in the major financial centres of the world, opaque corporate accounting and the existence of anonymous shell companies. The speaker also expressed his concern over corporate

lobbying to remove multinational tax avoidance from estimates of illicit financial flows, including in Sustainable Development Goal 16.4. Looking ahead, there was a need for greater availability and exchange of beneficial ownership information and enhanced public country-by-country reporting on illicit financial flows.

119. During the discussion, speakers emphasized that the recently adopted resolution of the General Assembly, resolution 71/213, on the promotion of international cooperation to combat illicit financial flows in order to foster sustainable development, was an important first step in initiating intergovernmental discussions on illicit financial flows at the United Nations. Some speakers called for the establishment of an intergovernmental body to deal with illicit financial flows. Participants also highlighted the need for a better understanding of the compositions of such flows. Speakers also stressed the need to step up capacity-building efforts through greater cooperation among enforcing agencies.

Expert discussion 2: specific challenges to finance sustainable development for countries in special situations

120. The expert discussion was chaired by the Vice-President of the Economic and Social Council, Cristián Barros Melet, and moderated by the Assistant Administrator and Director of the Bureau for Policy and Programme Support at UNDP, Magdy Martínez-Solimán. Presentations were made by the Minister for Finance and National Planning of Tonga, Tevita Lavemaau; the Finance Secretary of the Ministry of Finance of Bhutan, Nim Dorji; the Director of Multilateral Affairs of the Ministry of External Relations of Angola, Margarida Rose da Silva Izata; and the Deputy Chief Negotiator for Climate Change of the Ministry of Foreign Affairs of Costa Rica, William José Calvo Calvo.

121. Mr. Martínez-Solimán underscored that supporting countries in special situations was at the core of the work of UNDP and the United Nations Development Group. He provided the example of the UNDP/OECD joint initiative Tax Inspectors Without Borders as a mechanism to support such countries in retaining domestic resources through strengthened taxation policies.

122. Mr. Lavemaau highlighted the considerable structural constraints faced by small island developing States. To increase domestic revenue, Tonga had promoted good governance and introduced taxes on goods with negative externalities, including tobacco, fatty foods and sugary drinks. He noted the need for capacity-building support to strengthen tax administration and policies, upgrade customs and revenue administration and promote more effective public financial management. In addition, the donor community should deliver on ODA commitments and ensure greater access to concessional finance for small island developing States.

123. Mr. Dorji stressed that Bhutan faced particular challenges as both a least developed country and a landlocked developing country, including low productivity, reliance on a few commodities and youth unemployment. Bhutan had placed a strong focus on stability, the rule of law, increased institutional capacities, gross national happiness and cultural protection. More support was needed at the international level, in particular through the establishment of a global investment promotion regime. Finally, the speaker stressed the need to broaden eligibility criteria for accessing concessional finance, duty-free and quota-free trade and increasing Aid for Trade.

124. Ms. da Silva Izata noted the important role of international public finance in complementing national efforts to mobilize domestic resources. The Global Environment Facility, the Transitional Funding Mechanism and the Technology Bank for the Least Developed Countries should be supported to ensure that developing countries had access to capacity-building initiatives. Angola was

implementing a 10-step road map for a smooth transition from least developed country to middle-income country to ensure that economic vulnerabilities were addressed.

125. Mr. Calvo Calvo raised concern that discussions on middle-income countries and the graduation process did not capture the diversity and differences of middle-income countries. He recommended that a United Nations system-wide strategy on such countries be developed to support them in the implementation of the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development. The strategy would take into account vulnerabilities, economic performance and levels of achievement of internationally agreed goals.

126. During the discussion, speakers noted the importance of broadening the tax base in landlocked developing countries. Issues related to creating an enabling environment for private sector growth, capacity-building for bankable projects and public policy design were also addressed. The speakers emphasized the need for a multidimensional measurement of poverty that went beyond per capita income, the importance of climate finance and the importance of meaningful market access and capacity-building in trade.

Stakeholder dialogue

127. The stakeholder dialogue was chaired by the President of the Economic and Social Council and moderated by the Director of the Financing for Development Office in the Department of Economic and Social Affairs, Alexander Trepelkov. Presentations were made by the Managing Director of the Society for International Development, Stefano Prato; the Programme Director of Equidad de Género, Emilia Reyes; the Vice-President of Corporate Sustainability at Citigroup, Hui Chan; the Mayor of Blantyre, Malawi, Wild Ndipo; and the Mayor of Beira, Mozambique, Daviz Simango.

128. Mr. Trepelkov outlined the importance of the multi-stakeholder approach to the financing for development follow-up process and introduced the stakeholder workstreams by the Financing for Development Office, launched as a new mechanism for sustained and substantive engagement of civil society, the business sector and local authorities.

129. Mr. Prato outlined the civil society workstream on exploring public-private interfaces. The concept was inspired by the concerns of civil society regarding the overreliance on the private sector in the implementation of the public development agenda. The workstream focused on areas where the private sector was asked to support the provision of public goods beyond the traditional form of public-private partnerships. In addition to a concept paper on public-private interfaces, next steps would include a workshop and survey. The group would report on progress at the meeting of the forum on financing development follow-up in 2018.

130. Ms. Reyes emphasized the need to address gender in a cross-cutting way. Her intervention focused on structural transformations that arose through the pursuit of gender equality. She noted that long-term structural issues should be addressed and proposed that the Inter-Agency Task Force's next report include a comprehensive mapping of policy interventions on ways to mainstream women's rights within the financing for development follow-up agenda.

131. Ms. Chan, an active participant in the workstream on Sustainable Development Goal investing, highlighted ways that innovative financing structures could enable the achievement of sustainable objectives. She noted that, in order to meet the financing needs of the Sustainable Development Goals, further attention to risk mitigation and commercial viability of projects would be necessary. Blended

finance was a method to crowd in private investment, but the private sector should be engaged early and up front in structuring deals.

132. Mr. Ndipo, a participant in the workstream on strengthening municipal finance in least developed countries, in collaboration with the United Nations Capital Development Fund, called for local governments to be included as partners in developing urban and regional strategies for infrastructure investment. There was a need for financial decentralization and the mobilization of indigenous resources at the local level. He called for sound legal frameworks, sufficient resources and technical capacities to fulfil local potentials.

133. Mr. Simango highlighted the need for governments to take into account local realities in their decision-making. Guarantee systems, banking and access to resources were necessary at the local level. Cities should also be able to borrow and improve their credit in order to plan in the long term. Development finance institutions and multilateral development banks should have a role to play in supporting access to credit, including adaptation and mitigation funds.

134. During the interactive dialogue, speakers encouraged further discussion on ways local authorities could address inequalities through risk mitigation and blended finance. Participants called for a dedicated session on financing gender equality during the 2018 forum and stronger reference to youth issues. Prudence in the use of public-private partnerships and blended finance mechanisms was also called for.

Outcomes of the forums mandated by the Addis Ababa Action Agenda and updates on key voluntary initiatives launched at the third International Conference on Financing for Development

135. The dialogue was chaired by the President of the Economic and Social Council and moderated by the Director of the Financing for Development Office in the Department of Economic and Social Affairs, Alexander Trepelkov. Presentations were made by the Manager of the Office of Strategic Planning and Development Effectiveness at the Inter-American Development Bank, Luis Miguel Castilla; the Acting Representative of the European Investment Bank, Carlota Cenalmor; the President of the Economic and Social Council; and the Chief of the Policy Analysis Branch of the Division for Sustainable Development of the Department of Economic and Social Affairs, Shantanu Mukherjee.

136. Mr. Castilla highlighted the following lessons from the Global Infrastructure Forum held in 2017: (a) the gap between projects and investors must be bridged through good project preparation; (b) adaptability was an increasingly important aspect of a successful infrastructure project; (c) long-term engagement by governments was essential; (d) least developed countries faced the greatest challenge, but also presented the best opportunities; and (e) diversity could lead to better policy outcomes.

137. Ms. Cenalmor underscored the steps taken since the Global Infrastructure Forum of 2016, including the substantial increase in the number of joint initiatives, participation by national development banks and the recognition of the important role of the private sector. The next meeting of the Forum would be hosted by the Asian Development Bank in Bali, Indonesia, in October 2018.

138. The President of the Economic and Social Council outlined four recommendations from the Development Cooperation Forum held in 2016: (a) development cooperation should continue supporting the poorest and most vulnerable; (b) the Forum should advance learning on ways to strengthen incentives for the private sector to rethink its approach to sustainable value creation; (c) the

potential of South-South cooperation should be fully tapped; and (d) multilayered monitoring and review for effective development cooperation should be improved.

139. Mr. Mukherjee provided an overview of the second annual forum on science, technology and innovation, noting the following key takeaways: (a) given the cross-cutting nature of science, technology and innovation with regard to all the Sustainable Development Goals, the forum could be a good place to discuss the pursuit of an integrated agenda; (b) multi-stakeholder approaches were essential to using science, technology and innovation to achieve the Goals; (c) the forum should play a convening role to harness dynamism across different forums; and (d) advances in science, technology and innovation should be bolstered to enhance access and ensure that rapid developments did not build further divides.

140. During the interactive dialogue, the Netherlands provided updates on the Addis Tax Initiative and the Global Partnership for Effective Development Cooperation. Australia also provided an update on a number of its voluntary initiatives focusing on the private sector.

VIII. Closing of the forum on financing for development follow-up

141. The forum adopted its procedural report (E/FFDF/2017/3), which contained the intergovernmentally agreed conclusions and recommendations and aspects of the organizational arrangements of the forum.

142. In his closing remarks, the President of the Economic and Social Council thanked all participants, noting the fruitful debates during the interactive dialogue with major institutional stakeholders, the importance of the ministerial round tables in sharing country experiences on mainstreaming the Addis Ababa Action Agenda and the rich discussions in the expert segment.

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High-level political forum on sustainable development, convened under the auspices of the Economic and Social Council
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Summary of the fifth biennial high-level meeting of the Development Cooperation Forum

Note by the Secretariat

In its resolution 67/290, the General Assembly decided on the format and organizational framework of the high-level political forum on sustainable development. In that resolution, Member States also decided that the meetings of the forum under the auspices of the Economic and Social Council would take into account the work of the Development Cooperation Forum. The Secretariat hereby submits to the high-level political forum a summary of the fifth biennial high-level meeting of the Development Cooperation Forum, as prepared by the President of the Council. The annex to the summary offers an overview of related analytical work, side events, high-level preparatory symposiums and other preparatory events.

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Summary

The overarching theme of the fifth biennial high-level meeting of the Development Cooperation Forum, held in New York in July 2016, was "Development cooperation: lever for effective implementation of the 2030 Agenda". The Forum viewed the broad concept of development cooperation, as reflected in the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, from a multi-stakeholder perspective, which encompassed financial resources, capacity-building, technology development and transfer, policy change and multi-stakeholder partnerships.

The Development Cooperation Forum heightened the urgency of integrating, in our daily practice, a transformative focus on sustainable development results, putting the furthest behind first and adapting institutions and policies in support of priorities and systems in developing countries. It called for much more information of a context-specific nature on development cooperation needs, policies and best practices.

The Forum maintained an emphasis throughout the discussions on science, technology and innovation, climate change and resilience building; and advanced discussions on the prioritization and more effective use of official development assistance and on its unique role within the Global Partnership for Sustainable Development. Participants called for strengthened efforts by the United Nations to support Southern partners so as to enhance the evidence base on achieving sustainable development results.

The Development Cooperation Forum placed a new emphasis on improving the evidence base on engaging the private sector in development cooperation, as a means of making a step change in respect of knowledge sharing and mutual learning, as well as trust building in this area. The Forum identified tremendous capacity gaps and new opportunities in respect of strengthening the qualitative dimension of multilayered monitoring and accountability systems for development cooperation. It also called for mainstreaming inclusive, multi-stakeholder partnerships and bottom-up approaches in all forms of development cooperation.

The fifth biennial high-level meeting of the Development Cooperation Forum, and its extensive preparatory process, demonstrated how the Forum enables open, candid, critical and action-oriented dialogue among all actors in the area of development cooperation, generating concrete policy guidance under the 2030 Agenda and the Addis Ababa Action Agenda.

I. Introduction

1. The Economic and Social Council convened the fifth biennial high-level meeting of the Development Cooperation Forum at United Nations Headquarters in New York on 21 and 22 July 2016. Under the overarching theme of "Development cooperation: lever for effective implementation of the 2030 Agenda", the meeting brought together over 250 representatives of Governments and a range of stakeholders — civil society organizations, local governments, parliamentarians, philanthropic organizations, international organizations, development banks and the private sector — to review trends and progress in international development cooperation.

2. The meeting built on an extensive two-year preparatory process, including analytical work, which culminated in the issuance on 10 May 2016 of the report of the Secretary-General on trends and progress in international development cooperation (E/2016/65); three high-level Forum symposiums, held in Belgium, the Republic of Korea and Uganda; and other special events, briefings, side events and workshops.

3. The high-level political forum on sustainable development convened under the auspices of the Economic and Social Council and the Economic and Social Council forum on financing for development follow-up are mandated to take the work of the Development Cooperation Forum into account in their follow-up and review of the 2030 Agenda for Sustainable Development[1] and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development.[2] Further, the Addis Ababa Action Agenda recognizes the Development Cooperation Forum as the primary global platform for multi-stakeholder discussion on the quality, impact and effectiveness of development cooperation.

4. The Development Cooperation Forum-related research and multi-stakeholder discussions also informed the preparations for and follow-up to the 2016 quadrennial comprehensive policy review of operational activities for development of the United Nations system, which will guide those activities during the first years of the implementation of the 2030 Agenda and the Addis Ababa Action Agenda.

5. The present summary presents the key messages and policy recommendations of the Forum on (a) development cooperation under the 2030 Agenda and the Addis Ababa Action Agenda; (b) aligning development cooperation to support national sustainable development strategies; (c) bridging capacity gaps and facilitating technology development and transfer; (d) strengthening the contribution of South-South cooperation to sustainable development; (e) engaging the private sector in development cooperation; and (f) strengthening the monitoring and review of development cooperation for better sustainable development results.

Summary of the discussion

II. Development cooperation under the 2030 Agenda and the Addis Ababa Action Agenda

6. *The 2030 Agenda for Sustainable Development commits the international community to bringing global solidarity, international cooperation and collective action to new heights.* Concerted efforts are needed at all levels to transition from

[1] General Assembly resolution 70/1.

[2] General Assembly resolution 69/313.

sectoral to more integrated approaches, to localize the Sustainable Development Goals and to take synergistic approaches to the 2030 Agenda, the Addis Ababa Action Agenda, the Sendai Framework for Disaster Risk Reduction 2015-2030[3] and the Paris Agreement adopted under the United Nations Framework Convention on Climate Change,[4] which together form an action plan for people, the planet, peace, prosperity and partnership.

7. *The fifth biennial Development Cooperation Forum, held on 21 and 22 July 2016, has heightened the urgency of incorporating in daily practice a transformative focus on sustainable development results*, so as to put the furthest behind first and adapt institutions and policies in support of priorities and systems in developing countries. Development cooperation can promote coherence among different development agendas and activities, facilitate inclusive cross-sector partnerships and provide capacity support for policy coherence in the effort to achieve sustainable development. This includes ensuring better linkages between development cooperation and humanitarian assistance and promoting systematic investment in building the resilience of countries and communities.

8. *All stakeholders can embrace and advance the broad concept of development cooperation as reflected in the 2030 Agenda and the Addis Ababa Action Agenda*, which encompasses financial resources, capacity-building, technology development and transfer, policy change and multi-stakeholder partnerships. The quality of the relationships between and among partners is of critical importance, extending beyond the overall quantity of resources that underpin development cooperation.

9. *Development cooperation should continue to play its distinct role in supporting the poorest and the most vulnerable countries and people*. Leaving no one behind means directing targeted assistance and providing sufficient resources and support to countries and communities with the least resources and the weakest capacity. In this context, existing commitments to providing official development assistance (ODA) must be met, while ODA should be further prioritized in terms of its allocation and should be used more effectively to benefit those furthest behind first. Development cooperation has great potential to help correct market failures and asymmetric access to development opportunities among and within countries and to support their national sustainable development strategies. Leaving no one behind will require making new choices and larger-scale investments; using new evidence-based tools; strengthening domestic institutions, including in the areas of data, monitoring and review; providing longer-term budget support; and broadening multi-stakeholder partnerships at all levels.

10. *In identifying the needs of all developing countries, a more comprehensive approach, beyond measuring gross national income per capita, should be explored*. The 2016 Development Cooperation Forum highlighted the different challenges facing least developed countries, landlocked developing countries, small island developing States, countries affected by conflict and characterized by their fragility, and middle-income countries. The Forum underscored the challenge posed to the implementation of the 2030 Agenda by the current knowledge gaps and stressed the urgency of acquiring much more information of a context-specific nature on development cooperation needs, policies and best practices.

11. *Development cooperation should contribute to mobilization and optimal use of all means of implementation*. ODA can be an important leveraging tool in areas such as domestic resource mobilization, strengthening statistical capacities and mobilizing public-private partnerships in developing countries. The catalytic use of

[3] General Assembly resolution 69/283, annex II.

[4] See FCCC/CP/2015/10/Add.1, decision 1/CP.21, annex.

ODA should be closely monitored and measured against its effectiveness in generating positive outcomes for poverty eradication and sustainable development, and not just in increasing the volume of finance. The growing and complementary contributions of South-South and triangular cooperation should be further strengthened and knowledge-sharing should be increased. The private sector should be more strategically engaged in development cooperation, including in the development and transfer of science, technologies and innovation, in favour of developing countries.

12. *Development cooperation has a key role to play in strengthening accountability of all development actors and enhancing the quality and impact of partnerships*. This includes promoting the oversight role of parliamentarians, providing capacity support for civil society, and facilitating the greater engagement of the public along all dimensions of development processes. Results-focused, evidence-based and inclusive approaches are key to facilitating knowledge-sharing and mutual learning for sustainable development.

III. Aligning development cooperation to support national sustainable development strategies

13. *Development cooperation actors are undertaking policy and institutional reforms in line with the 2030 Agenda*. Countries at all development levels are adapting their development cooperation policies and strategies and reforming institutions, including through establishment of new functions within existing entities, in order to mainstream the 2030 Agenda and the Addis Ababa Action Agenda in their cooperation efforts. Development cooperation institutions at all levels, including those within the United Nations system, need adjustment. Global institutions should adapt their priorities, corporate strategies, operational approaches, funding and capacity to the goals under the 2030 Agenda. It is critical that all of these adaptations include efforts to enhance the alignment of development cooperation interventions with the development priorities of developing countries.

14. *Country ownership and government leadership are essential to effective implementation*. One delegate shared the experiences of his country in its effort to streamline its public financial management systems and institutions, which resulted in increased domestic revenues, significant debt reduction and strengthened and more diversified partnerships, including greater emphasis on South-South cooperation. National development cooperation policies should reflect a whole-of-government approach and should be owned by whole societies, through institutionalized participatory development processes that engage all stakeholders, including parliaments and civil society organizations, with their vital oversight roles.

15. *Achieving genuine country ownership and alignment will require significant shifts in development cooperation processes and behaviour*. Development partners acknowledged that alignment was one of the areas where progress had been lagging. Some practical difficulties were identified, including in matching their desired development outcomes with those of developing countries and aligning their systems with the various country systems of their partners. Accountability tools should also be revisited to ensure that they recognize sufficiently the dynamics of development that can produce systemic change.

16. *Longer-term, programme-based approaches (e.g., budget support and pooled funding) facilitate better alignment with the national sustainable development strategies of developing countries*. In this regard, some developing countries are revising their national development cooperation policies, under which partners are

obliged to agree upon the terms of engagement. This can not only facilitate alignment but also support developing countries in consolidating strategies and building their knowledge base.

17. *Addressing the poor quality of data and increasing the visibility of financial and non-financial flows will also be key to better alignment of incentives and cooperation efforts.* Data gaps make programming difficult in this, the early implementation phase of the 2030 Agenda, which is why some developing countries are prioritizing data and national statistical capacity in their international cooperation. Some countries are also working to fully integrate their databases on development cooperation into their national public financial management systems.

IV. Bridging capacity-gaps and facilitating technology development and transfer

18. *Developing countries indicated huge gaps in policy and institutional capacities for achieving the 2030 Agenda, particularly in areas such as public administration; domestic resource mobilization, including tax administration; and data and statistics.* Least developed countries typically have limited capacities in policy integration and in ensuring a strong science-policy interface, which will be instrumental to meeting the Sustainable Development Goals. More ODA should be allocated to support for the countries with the weakest policymaking and implementing capacities. It is critical that policy reforms be fast-tracked so as to ensure a more enabling international environment for sustainable development, as underlined in the Addis Ababa Action Agenda.

19. *Capacity support should be built into any development cooperation interventions at country level, directed towards enhancement of human resources and skills development for national stakeholders*, including youth, women and girls. Managing "silo" projects without the engagement of local actors will not bring lasting results for sustainable development. Development cooperation for capacity development, including technical cooperation, should be demand-driven, based on clear needs assessments.

20. *Development cooperation has critical roles to play in supporting developing countries in harnessing technological trends for sustainable development*, including through the Technology Bank for the Least Developed Countries. It could also support the building of developing countries' capacities to link national statistics with big data, in such a way as to serve the public interest. At the same time, some technological changes, such as those entailing mechanized labour and robotics, risk leaving poor and marginalized countries and people further behind. Dialogue on these challenges is often held within the context only of negotiation of free-trade agreements. Participants called for stronger multi-stakeholder platforms for discussing technological development and transfer from a development cooperation perspective, including at regional level. The Development Cooperation Forum is well positioned to provide such open space for multi-stakeholder exchanges at global level.

V. Strengthening the contributions of South-South cooperation to sustainable development

21. *South-South cooperation preserves policy and fiscal space for developing countries.* The long-standing conceptual framework of South-South cooperation is non-prescriptive, based on common principles. By virtue of its approach, it is

capable of harmonizing diverse priorities among stakeholders and ensuring shared ownership and processes. These characteristics are evident, for instance, in the new development and infrastructure banks of the South, which merit further study with a view to generating lessons and knowledge that are relevant for all actors in development cooperation.

22. *South-South cooperation has great potential to reduce asymmetries in access to development opportunities and to respond directly to local demands*. The experience of South-South cooperation shows that adoption of new policies based on exchange of knowledge can have a huge development impact. In this and other ways, South-South cooperation can contribute to addressing the systemic issues that limit policy space and undermine development. South-South cooperation also reflects a recognition of the importance of localizing such global objectives as the Sustainable Development Goals, as consistent with context-specific demands and levels of capacity to solve local problems. It should thus also be able to strengthen its contributions to creating an enabling environment based on multi-stakeholder partnerships, with active participation of civil society. In this connection, some participants highlighted the importance for South-South cooperation to show respect for human rights and rights-based approaches and ensure its accountability to the public and beneficiaries of development projects.

23. *South-South cooperation needs to further develop its institutions and exchanges, while preserving its strategic focus on promoting autonomy, resilience and structural change*. Institutions should be set up or existing institutions re-engineered in developing countries in such a way as to enable them to channel South-South cooperation more effectively. Information and knowledge sharing among all actors in developing countries, including development cooperation institutions and civil society organizations, should be strengthened. Functional coordination mechanisms for political and operational dimensions of development cooperation, which do not yet exist, could be considered. More regional clusters of cooperation can be created in key areas, such as financing, statistics and monitoring and evaluation.

24. *Participants called for strengthened efforts by the United Nations to support Southern partners in enhancing the evidence base on the value added of South-South cooperation in achieving sustainable development results*. In this connection, the challenges of documenting evidence and quantifying the relevant data were noted. There was a sense that conceptual cleavages in respect of what qualifies as South-South cooperation was of less interest to developing countries. Rather, with a clear sense of the basic purpose of South-South cooperation, developing countries could together define the parameters for measuring it and assessing its contributions to achieving sustainable development. Participants underscored the importance of the Development Cooperation Forum as a platform for sharing rich experiences among Southern partners and cross-fertilizing the good practices.

VI. Engaging the private sector in development cooperation

25. *Effective engagement of the private sector in development cooperation begins with building genuine alliances between the public and private sectors, including civil society and trade unions, based on deeper mutual understanding*. The public sector should take a more practical approach to innovating opportunities and incentivizing the private sector to invest in sustainable development, in a way that goes beyond philanthropy and corporate social responsibility. The members of the private sector should perceive the 2030 Agenda as offering an opportunity to rethink their approach to sustainable value creation and better "business diplomacy", by

aligning their businesses with the priorities of the societies in which they operate. Participants offered examples of contexts where Governments and the private sector were working together in this direction.

26. *The 2016 Development Cooperation Forum put strong emphasis on improving the evidence base on engaging the private sector in development cooperation*, as a means of making a step change in knowledge sharing and mutual learning, as well as trust building in this area.

27. *Blended finance is one vehicle for strengthening private sector engagement in development cooperation*, not only in financing but also in capacity-building, technology development and transfer, and multi-stakeholder partnerships. However, within the context of the enormous financing gaps associated with efforts to achieve the Sustainable Development Goals, blended finance is not a panacea. Current trends show greater investment of blended finance in middle-income countries and those with lower levels of poverty.

28. *The focus of discussions in the Development Cooperation Forum and other platforms is shifting from the usefulness of blended finance to deepening the understanding of when its use is appropriate, how it should be used and structured, and how the associated risks should be assessed and managed.* Blended development cooperation is justified on a "case-by-case" basis to prevent the provision of undue subsidies to the private sector, achieve value for money and effectively manage risks for both public and private sectors. The Forum can provide a neutral multi-stakeholder platform for building further evidence, and providing policy guidance and opportunities for capacity development, as regards the effective use of blended financing instruments in favour of developing countries.

29. *Development cooperation can support engagement of the private sector from the outset in co-designing projects and strengthening the capacities in developing countries* of national and local governments, local development finance institutions, parliamentarians and civil society organizations.

30. *The developing countries involved should play a central role in decisions on using ODA for blending finance for development* and in the planning, design and management of specific blended finance projects, regardless of the ratio of ODA to envisaged private sector investment. In this context, participants stressed the importance of applying principles of effective development cooperation, in particular the aligning of projects with developing country priorities and ensuring strong country ownership.

31. *Major efforts are needed to ensure transparency and accountability of all actors in blended development cooperation.* Measures need to be taken to incentivize bilateral and multilateral development finance institutions to publish their relevant contracts and establish public complaint mechanisms; in this regard, the potential role of the United Nations in developing global regulatory frameworks, standards and guidelines was noted. In addition, the importance of putting in place independent validation mechanisms was highlighted.

VII. Strengthening monitoring and review of development cooperation for better sustainable development results

32. *All stakeholders have a collective responsibility in respect of the monitoring and review of progress towards development cooperation commitments, with a strong focus on mutual learning for better results and leaving no one behind.* The accountability of Governments to the public provides the basis for effective

monitoring and review of progress at all levels and should be further strengthened, including through greater efforts to collect authentic citizen-based data.

33. *The active involvement of parliaments, local authorities and civil society is especially important in respect of holding Governments accountable at the national level* for delivering on development cooperation commitments under the 2030 Agenda and the Addis Ababa Action Agenda. In this regard, the Forum again highlighted the pressing need for capacity support for parliamentarians, local governments and civil society organizations.

34. *The criteria for measuring progress should be strongly anchored in and aligned with national sustainable development plans*, including in the case of private and blended development cooperation. A global standard for monitoring the national budgetary process, including its auditing component, could support individual countries in better linking resources with results and integrating overall financial management, including development cooperation.

35. *Issues related to statistical capacities and quality data, such as disaggregation, convergence and open data, should be addressed concurrently*, for more transparent and accountable development cooperation and for design and implementation of better policies and practices.

36. *Inclusive space is needed for designing and implementing a solid country results framework linked to the Sustainable Development Goals*, including with more precise indicators and incentives for non-State actors. The Forum strongly underscored the need to step up the conversations at country level on monitoring behavioural changes of all stakeholders in development cooperation and promoting transparency and multilayered accountability. The need to foster an enabling environment for civil society organizations was also highlighted.

37. *Systems and processes for monitoring and review of development cooperation at all levels should be linked in more cohesive and coherent ways*. Regional monitoring mechanisms (e.g., the United Nations Monitoring Mechanism) can play a strengthened role in interconnecting work on accountability at national and global levels so as to facilitate peer learning and provide supplementary data. The Development Cooperation Forum has a unique role to play in providing the primary multi-stakeholder platform at global level for open and honest review and action-oriented debates on the trends and progress in international development cooperation, including its quality, impact and effectiveness.

38. *Development cooperation itself should support inclusive, evidence-based and much more dynamic processes of monitoring and review*, conducive to experimentation, "failing faster" and swiftness in owning up to failures without fear. Such an approach is critical to unleashing the full force of human creativity and enabling faster learning, adjustments and innovations in policy and practice.

VIII. The way forward and next steps

39. *We must be galvanized by a shared sense of urgency into taking possible actions immediately that are geared towards achievement of the Sustainable Development Goals*. There is no time to search for perfect solutions. Participants called upon the Economic and Social Council, including the Development Cooperation Forum, to provide clear direction and leadership for the United Nations development system and beyond in respect of helping to create and re-gear incentive schemes, within which synergy and collaboration are rewarded and unprofitable competition is avoided.

40. *Development cooperation has to support the changes in mindset needed to achieve the Sustainable Development Goals*: changes from sectoral to integrated approaches, from governmental to whole-of-government and whole-of-society approaches, and from measuring development in terms of income or growth to considering the multiple dimensions of poverty, sustainability and inclusivity. Development cooperation should promote the shift in focus from financing to the broader partnership dimension and effective engagement of all stakeholders.

41. *Development cooperation should help strengthen institutions and systems in such a way as to root out discrimination and inequality and place people at the centre as active partners* in delivering on the 2030 Agenda. The United Nations and all Governments should engage young people in particular in more tangible and meaningful ways. As those who will be most affected by the 2030 Agenda, youth can be encouraged to play a larger role — a role that is at the centre of follow-up, review and accountability processes — through introducing disruptive and transformative thinking and linking it to the bold aspiration of leaving no one behind.

42. *The United Nations development system has a key role to play in nurturing partnerships in all areas of sustainable development*, including with regard to mobilization of financial and non-financial resources, North-South and South-South, as well as triangular cooperation, and private and blended development cooperation. The United Nations development system will need to adapt to the aims of the broader and integrated agenda and respond to the strong demand for country ownership of national sustainable development strategies.

43. *The conceptual and political independence of the Development Cooperation Forum is critical to its capacity for innovation and contributions to implementation efforts at all levels*. With open and honest exchanges, the 2016 Development Cooperation Forum advanced the global policy dialogue on how development cooperation can play more strategic roles in promoting rights-based, results-oriented and whole-of-society approaches to supporting developing countries in strengthening country ownership and in assisting all stakeholders in achieving the 2030 Agenda. Participants called upon the Forum to further strengthen its capacity to promote knowledge sharing and mutual learning and provide guidance on development cooperation in the implementation of the 2030 Agenda and Addis Ababa Action Agenda.

Annex

Analytical work of the Development Cooperation Forum in the 2014-2016 cycle

- *Report of the Secretary-General on trends and progress in international development cooperation*. Latest biennial report and main substantive input to the 2016 high-level meeting of the Development Cooperation Forum, addressing the importance and tremendous potential of development cooperation as a lever for effective implementation of the 2030 Agenda for Sustainable Development
- *Fourth biennial high-level meeting of the Development Cooperation Forum accountability survey study*. Maps and analyses the evidence on the state of play in development cooperation on the ground in the responding countries, which structured their assessment around "mutual accountability enablers", such as national development cooperation policies, country-driven results frameworks, clear institutional structures with dialogue forums, and quality information

Development cooperation: scope and implementation

- *What is development cooperation*? Major tasks and activities of development cooperation based on the new universal agendas
- *New forms of cooperation and increased coherence directed towards implementing the Sustainable Development Goals*. Ensuring coherence of national policy to maximize the use of new forms of development cooperation
- *Re-engineering development cooperation institutions to enable them to deliver on the 2030 Agenda for Sustainable Development*. Active engagement as the fulcrum of better alignment, integration and coherence
- *Assessing the suitability of different development cooperation modalities for greater effectiveness and impact post-2015*. Exploring the unique opportunities provided by each modality to the transformed development cooperation landscape
- *Adjusting development cooperation for the Sustainable Development Goals*. Lessons learned from the implementation of the Millennium Development Goals and adaptation of coherent policy at all levels of government
- *Making development cooperation on climate change sensitive to the needs of the most vulnerable countries*. Analysing recent trends and issues in development cooperation funding for climate change-sensitive countries

Trends in development cooperation financing and capacity-building

- *Improving official development assistance (ODA) allocation for a post-2015 world*. Re-examining the role of ODA and ensuring that it is used in areas to which it is best suited and where it is needed most
- *ODA allocation and other trends in development cooperation in least developed countries and vulnerable contexts*. Identifying recent trends in ODA allocation and applying a portfolio of models to each country's particular needs

- *Private and blended development cooperation*: assessing their effectiveness and impact for achieving the Sustainable Development Goals. Substantive and procedural elements to be considered
- *Strengthening technology facilitation and capacity-building within a post-2015 setting: understanding the issues*. Linking technological innovation and the Sustainable Development Goals
- *International development cooperation to promote technology facilitation and capacity-building for the 2030 Agenda*. Exploring the relationship between development cooperation and the promotion of technology and capacity-building

Monitoring and review of development cooperation

- Addressing changes and challenges in monitoring and review of development cooperation at the national level. Using six enablers of mutual accountability to unpack the changes and challenges and identify ways forward
- Monitoring and review of development cooperation to support implementation of a post-2015 development agenda. Exploring how to help Governments prepare for monitoring and review of an increasingly complex set of global commitments on development cooperation
- Localizing monitoring and review of development cooperation for the 2030 Agenda. Prospects for and challenges of practising monitoring and review of development cooperation at the local level
- Country results frameworks for effective monitoring and review. Using integrated, aligned country-driven results frameworks to support the 2030 Agenda
- Citizen-based monitoring of development cooperation to support implementation of the 2030 Agenda. Overview of citizen-based monitoring systems and means of enabling effective citizen-based monitoring and review

Development Cooperation Forum side events, New York, 20-22 July 2016

- Launch of Development Cooperation Forum accountability study, Department of Economic and Social Affairs of the United Nations Secretariat
- CSO Partnership for Development Effectiveness (CPDE), "Enhancing accountability and policy coherence in South-South cooperation: monitoring quality and documenting impact at country level", Reality of Aid, United Nations Development Programme
- "Blended finance in the SDG era", technical workshop, Department of Economic and Social Affairs of the United Nations Secretariat
- "Managing triangular cooperation in Latin America: country-led practices and tools", Ibero-American Programme for Strengthening South-South Cooperation (PIFCSS)
- "The future measurement and monitoring framework for development finance in support of the 2030 Agenda — total official support for sustainable development (TOSSD)", Organization for Economic Cooperation and Development and Committee for Development Policy secretariat
- "Adaptation of the 2030 Agenda for Sustainable Development and the role of development cooperation in Asia and the Pacific", Economic and Social Commission for Asia and the Pacific (ESCAP) and Office of the High

Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States "Principles of South-South cooperation and TOSSD: what findings from case studies in the South can tell us about convergence and discrepancy", Network for Southern Think Tanks (NeST) and German Development Institute (DIE)

- "Effective development cooperation for least developed countries", Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small island Developing States

Preparatory symposiums

- Development Cooperation Forum: Belgium, high-level symposium, 6-8 April 2016
- Development Cooperation Forum: Uganda, high-level symposium, 4-6 November 2015
- Development Cooperation Forum: Republic of Korea, high-level symposium, 8-10 April 2015

Other preparatory events of the 2014-2016 Development Cooperation Forum cycle

- Development cooperation: lever for integrated SDG implementation, briefing on the 2016 Development Cooperation Forum preparatory process, 22 February 2016
- Mobilizing development finance for the 2030 Agenda: next steps towards measuring total official support for sustainable development (TOSSD), Development Cooperation Forum side event, 27 October 2015
- The impact of private and blended development cooperation: what can we expect in practice? Development Cooperation Forum special event at the Third International Conference on Financing for Development (FFD-III), 16 July 2015
- Joint meeting of the General Assembly and the Economic and Social Council: "A renewed global partnership for development and successor arrangements to MDG8", 30 October 2014

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Coordination, programme and other questions: long-term programme of support for Haiti

Report of the Ad Hoc Advisory Group on Haiti

Summary

The present report is submitted pursuant to Economic and Social Council resolution 2016/28 and highlights the main findings of the Ad Hoc Advisory Group on Haiti following its visits to Washington, D.C., in March 2017, during which members met with the international financial institutions and regional actors, and to Haiti, in May 2017, during which members interacted with a number of senior government and legislative officials, representatives of the United Nations system and private sector and civil society actors.

While the Group acknowledges the full responsibility of Haiti for its own development, it also notes the difficult and complex context in which the country finds itself following the past two years of protracted political impasse, major natural disasters, including Hurricane Matthew in October 2016, and the outbreak of the cholera epidemic in 2010, which is not yet fully under control. The Government of Haiti will continue to need a high level of support from the international community in order to be able to take the transformative action necessary to unleash the full potential of its people and economy.

The report concludes with recommendations addressed to the Haitian authorities, the international community, the United Nations system and other development partners. The recommendations are aimed at making the most of the window of opportunity presented by the successful electoral transition in Haiti, which many agree offers the best chance to date for recovery, reconstruction and the achievement of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals, as well as for sustaining peace. The Group believes that developments in Haiti should remain high on the international agenda.

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I. Introduction

1. The present report is the thirteenth submitted to the Economic and Social Council by the Ad Hoc Advisory Group on Haiti since its reactivation in 2004 at the request of the Government of Haiti. The Group, which is chaired by Canada, is composed of the Permanent Representatives of Argentina, the Bahamas, Belize, Benin, Brazil, Canada, Chile, Colombia, El Salvador, France, Haiti, Mexico, Peru, Spain, Trinidad and Tobago, the United States of America and Uruguay to the United Nations.

2. In its resolution 2016/28, the Economic and Social Council extended the mandate of the Ad Hoc Advisory Group on Haiti until the conclusion of the 2017 session, with the purpose of following closely and providing advice on the long-term development strategy of Haiti in order to promote socioeconomic recovery, reconstruction and stability, with particular attention to the need to ensure coherence and sustainability in international support for the country. The Council requested the Group to submit a report on its activities for consideration at its 2017 session.

3. The report highlights the main findings of the Group following its visits to Washington, D.C. and Haiti in March and May 2017, respectively (see annex). During the Group's visit to Washington, D.C., members met with representatives of the International Monetary Fund, the World Bank, the Inter-American Development Bank, the Pan American Health Organization (PAHO), the American Red Cross and the Organization of American States.

4. Prior to the visit to Haiti, the Group also held meetings with the Deputy Special Representative of the Secretary-General, Resident Coordinator and Humanitarian Coordinator in Haiti ad interim and with staff from the Executive Office of the Secretary-General to discuss the economic situation in Haiti and the Organization's new approach to cholera in Haiti.

5. In Haiti, the Group met with the President, the Prime Minister and the Cabinet; senators; members of the Chamber of Deputies; representatives of the Chamber of Commerce; civil society representatives; representatives of the United Nations; and members of the diplomatic community. The Group wishes to express its profound gratitude and appreciation for the constructive and collaborative exchange held between its members and the Haitian authorities.

6. The Group is grateful to the Department of Economic and Social Affairs; the Special Representative of the Secretary-General and Head of the United Nations Stabilization Mission in Haiti; the Deputy Special Representative of the Secretary-General, Resident Coordinator and Humanitarian Coordinator ad interim; the Mission's staff; and representatives of the international financial institutions for their support and valuable insights.

II. Economic, social, natural disaster and environmental context

A. Economic and social situation, including education, health and social services

Economic considerations

7. Haiti is the only least developed country in the western hemisphere. According to United Nations sources in Haiti, the country's gross domestic product (GDP) grew by an estimated 1.4 per cent in fiscal year 2016 as a result of better rainfall, which led to a 3 per cent expansion in the agricultural sector. Agricultural output,

however, remains below the 2013 level, while the Haitian population continues to grow.

8. Low international oil prices have negatively affected concessional financing from the Petrocaribe agreement with the Bolivarian Republic of Venezuela. While Haiti has benefited from lower oil bills, this has been offset by reduced access to financing, which is a major source of revenue for the Government. As a result, public investment contracted by about 20 per cent.

9. The country's economic outlook was further affected by Hurricane Matthew, in October 2016, with the agricultural sector being the hardest hit. As a consequence, agricultural output may contract by as much as 4 per cent in the 2017 fiscal year. Such effects on the economy need to be mitigated through tangible programmes. Cheaper food imports and a good spring harvest helped to contain inflation during the 2016 fiscal year.

10. The volatile political context also resulted in the depreciation of the gourde against the dollar by an average of 19.5 per cent during 2016, thereby making the economic environment more unpredictable. However, the depreciation is now being controlled more effectively.

11. At the time of reporting, fiscal revenues, as recorded at the end of February 2017, had fallen by 2 per cent year-on-year, while expenditure has increased in order to finance the post-Hurricane Matthew reconstruction needs. The fiscal deficit is expected to widen to around 5 per cent of GDP at the end of the current fiscal year.

Social indicators, including education and health

12. Basic social indicators show that there is much to be done to improve the basic quality of life of the Haitian people. World Bank estimates published in 2017 indicate that 59 per cent of the population lives below the national poverty line of $2.42 per day, with chronic malnutrition affecting approximately half the population. The average life expectancy is around 63 years, the infant mortality rate is 125 per 1,000 live births and the maternal mortality rate stands at 523 per 100,000 live births.

13. The education sector in Haiti is highly inefficient, with more than half of the population over the age of 15 being illiterate (51.3 per cent). According to the World Bank, despite increased enrolment of children of primary school age, 30 per cent of high school students expect to drop out in their final year of school.

14. The majority of schools in Haiti are managed by the private sector, making education an expensive, profit-based system that is difficult for many Haitian families to afford.

15. In addition, private and public schools often hire poorly trained teachers, who cannot offer a good quality of education. Since 2014, the Government has announced various policy measures to improve the accountability and quality of the education sector by making sure that all teachers and schools are registered and evaluated by the Ministry of National Education and Vocational Training. However, a strategy for financing and implementing such measures is not yet in place.

16. A national strategy for Haiti's education sector is urgently needed to expand access to primary, secondary and higher education, as well as vocational and technical training. At the same time, there is a need to improve the quality of service in education by enforcing a sector-wide national training policy for teachers and educational staff to strengthen educational services. The education sector also remains highly underfunded, with more than 85 per cent of primary schools

privately managed by non-governmental organizations (NGOs), churches, communities and for-profit operators. Further support is therefore needed in this area.

17. The Group continues to be concerned about the state of the health sector. According to information provided to the Group and confirmed in reports by the World Bank and the World Health Organization (WHO)/PAHO, Haiti has some of the worst health indicators in the world, which continue to stymie economic development. While Haiti has struggled with poor health outcomes for generations, the health system was further debilitated by the 2010 earthquake, which demolished 50 health centres, part of the country's primary teaching hospital, and the Ministry of Health and Population building. Only a few months later, Haiti's health-care network was further affected by the first cholera outbreak in a century. In the wake of Hurricane Matthew, significant challenges remain to further improve water and sanitation services. Increasing access to such services is critical in order to improve health and well-being, in particular in the fight against cholera. It is also reported that government spending on health is low, at 6 per cent of public expenditure, and that the biggest problem is attracting and retaining qualified health professionals, with as few as 6 health professionals per 10,000 people. As a result, roughly 40 per cent of the population lack access to essential health and nutrition services. Moreover, only 45 per cent of all children between the ages of 12 months and 23 months are fully vaccinated and 22 per cent of children under the age of 5 are stunted. WHO/PAHO leadership is needed in the field to improve the coordination and monitoring of the health services, which are provided by a significant number of actors.

18. In discussions with PAHO, it was emphasized that cholera must be eradicated; at the same time new programming should address the health sector broadly as the foundation for sustainable development, with a special focus on the social determinants of health, prevention, access to efficient services of good quality, and emergency preparedness. Consequently, the Group is of the view that the socioeconomic situation and the living conditions of the population, particularly vulnerable groups, need to be given urgent attention.

B. Towards a more secure and sustainable future

19. The investments required for enabling Haiti to make progress in poverty eradication and sustainable development cut across all economic enablers and include the improvement of administrative and governance capacity, the provision of adequate physical infrastructure systems and networks, the fulfilment of requirements for skilled manpower and the reform of the existing legal and regulatory frameworks in order to facilitate smooth business operations. The inadequacy and disrepair of basic infrastructure, of the electricity supply, of the public transportation system and of services such as public hospitals, schools, water and sanitation require investments which will be beyond the capacity of the State for some time to come.

Administrative and management capacity

20. The new Government in Haiti has expressed its determination and commitment to bring positive change and improve the political and socioeconomic environment so as to promote growth on the basis of inclusive national participation in the economic recovery process, which involves both the domestic and external private sectors. However, it is also clear that the Government has limited capacity to ensure a public administration system that can effectively guarantee the rule of law and a functioning justice system, promote the fight against corruption and

effectively protect human rights. There is, therefore, a strong case for continued support in such areas to assist the Government in enforcing the existing rule of law and justice system and introducing reforms to fill in any gaps in existing frameworks. During the visit, a number of reforms were highlighted as essential to promoting private enterprise and productivity, such as new labour laws, land reform and functional institutions to coordinate development-related priority setting, planning and implementation.

21. The importance of decentralization and support to local governance was also emphasized by many interlocutors, given the historically centralized governmental and administrative structures, located in Port-au-Prince and a few large urban areas only. It is understood that a long-term approach to recovery, reconstruction and sustainable development needs to be more inclusive and cover the whole country.

22. The ability of the Government to mobilize its own resources is severely constrained by poor fiscal management capacity. The potential sources for increasing fiscal revenue are also limited to the oil and electricity areas, which are politically very difficult to change at the moment. Macroeconomic stability was emphasized, especially by the private sector, as a way of ensuring some predictability in key variables such as inflation and the exchange rate of the gourde, without which it is very difficult to do business domestically and to attract foreign direct investment.

Productive capacity

23. It was recognized that long-term growth and sustainable development require a boost in the country's productive capacity. A focus on infrastructure, agriculture and tourism, the diversification of the economy and the strengthening the role of the private sector in general are seen as some of the actions most likely to create employment. This in turn requires improvements to be made in the areas of land tenure and access to credit, disaster risk reduction, infrastructure and the overall administrative and regulatory environment. Given the limited avenues for domestic resource mobilization, international support will be required. The Government has indicated its willingness to assume concessional loans, but it is doubtful that such loans would suffice, given the enormity of the challenges.

24. As an example, agriculture is currently underdeveloped and yet the sector has a lot of potential to produce goods for both domestic consumption and exports. In discussions with a variety of stakeholders, land degradation and land tenure systems were cited as some of the bottlenecks stifling the agricultural sector. The inability to effectively link existing agricultural activity to regional value chains may be a factor that dissuades many people living in poverty from embracing the sector.

25. Productive capacity in the industrial sector is similarly constrained by the lack of domestic and foreign investment, owing to poor infrastructure and inadequate water and electricity supplies. With an estimated 40 per cent of Haitians unemployed, job creation in this sector is vital for poverty reduction. In the early 1980s, the garment sector was a significant source of employment. Since then, employment in that sector has dropped dramatically, as a result of the lack of new investment. There are some favourable external trade opportunities, such as United States trade preference programmes enacted through the Haitian Hemispheric Opportunity through Partnership Encouragement Act (HOPE), the extended Act (HOPE II), and the Haiti Economic Lift Program Act of 2010 (HELP), which could potentially make Haiti an attractive place to invest. As a result, the industrial sector is seen as an area that could be further developed to create more jobs, although the rise in the use of artificial intelligence may limit the total number of jobs created.

26. According to the World Bank, the tourism sector is growing, with new hotels built in Port-au-Prince in recent years and an increase in the number of international travellers to the country. Even though the tourism sector has improved, its potential has not been fully exploited because of major challenges in attracting foreigners, among them security, the lack of infrastructure and poor water and electricity supply. Nevertheless, agriculture and tourism are both seen as more promising sectors, in the short term, for creating more significant growth in employment.

Electricity

27. Haiti is facing serious challenges in the energy sector. According to the World Bank, only an estimated 38 per cent of Haitians have electricity. Others connect illegally to the electrical grid or use charcoal as a source of domestic energy. The national power utility, Electricité d'Haïti, has encountered difficulties in providing electricity to the entire country. The electrical grids connecting the capital with the rest of the country have become obsolete, providing only a few hours of electricity per day. The current situation causes numerous power cuts and surges, which affect home appliances, and has a negative impact on the business and industrial sectors.

Transport

28. According to sources from the Inter-American Development Bank, Haiti has a road system of 3,500 km, with only 15 per cent of the system in decent condition. Road transport is the primary system for commercial transportation, making road infrastructure crucial for economic development. At the same time, Haiti is connected commercially by three international seaports and two international airports. Those ports of entry to the country play an important role in the import and export of goods and the provision of passenger services.

Water and sanitation

29. Only 25 per cent of Haitians have access to adequate sanitation, and less than 58 per cent have access to safe water and sanitation services. It is essential to make progress in this area, which is vital for the provision of key social services and the productive sector.

Natural disasters and the environment

30. Haiti is a country that is prone to natural disasters, as evidenced by the 2010 earthquake and Hurricane Matthew in October 2016. Hurricane Matthew had a significant impact on the country's humanitarian situation, mainly in its southern peninsula. It caused hundreds of deaths, widespread damage, flooding and displacement. As a result of the weak prevention, early warning and mitigation plans, that hurricane alone devastated the region, with the International Monetary Fund estimating the damage and loss caused in an amount of $1.9 billion or about 23 per cent of the country's GDP. Hurricane season starts in June, and the Government has indicated that it does not have the capacity in terms of equipment and personnel to mitigate any disaster that may result.

31. The state of the environment is another serious cause for concern for Haiti. As a result of decades of poor land use and the destruction of forest cover, together with the effects of climate change, land degradation and drought are extensive and, in a country where over 40 per cent of the population currently depends on agriculture, those phenomena have rendered much of the land marginal and incapable of supporting the agrarian population.

32. The state of water resources, which should be a major source of livelihood for an island country, is also a cause for concern. Haiti should potentially be able to tap

its fresh water and marine resources to improve the livelihood of its people through irrigation, fisheries and tourism. The poor state of the country's watersheds, which have no natural cover and are subject to oversilting and contamination from untreated waste, thereby affecting their overall quality, not only negatively affects households, businesses, farming, fisheries and tourism, but also exacerbates the country's already high vulnerability to natural disasters.

C. Political transition

33. After over two years of political crisis and contested election results, Haiti took a successful step towards political and institutional stability with the successful completion of the electoral process in February 2017. The new Government faces many challenges in transforming electoral success into conditions that would favour full recovery and reconstruction, as well as long-term sustainable economic growth and development.

34. As a result, there is a strong desire among all groups in Haiti for genuine dialogue on a common political vision that can forge consensus on a concrete road map for progress in key areas, including peace and stability, the identification of clear development priorities, the consolidation of public administration, the rule of law, human rights, justice and constitutional reform, and legislation that would address land tenure, labour rights and the creation of an enabling business environment.

35. The Government of Haiti has indicated that its priorities will be guided by reform efforts geared towards achieving sustainable development. Within the context of its economic priorities, the Government intends to focus on the revival of agriculture and, on 1 May 2017, it launched a campaign to increase agricultural productivity and environmental protection, known as "Caravane du changement". In addition, the Government has included in its strategic plan the following priorities: industrial production; environmental protection; reduction of the trade deficit; the lowering of the cost of living, especially for the most vulnerable groups in society; and improvement of an enabling business climate to attract investment and create jobs. In this context, the Government has submitted to Parliament draft legislation to facilitate the accelerated registration of enterprises, access to credit and equipment for small- and medium-sized enterprises, and transparency in the financial field.

36. The Government's development vision also places emphasis on improving the quality of and access to education so as to ensure a better future for younger generations and improve human skills, as well as on increasing resilience to the adverse effects of disaster and climate change. Equally important is the need to develop a new sanitation and environmental protection policy regarding the cholera epidemic.

37. In the area of rule of law, the Government is working to consolidate recent achievements in strengthening the rule of law and improving public security, democratic governance and the protection of human rights. It is also ready to implement the reforms necessary for the modernization of the State and the revival of the economy, which is an area where new and innovative measures need to be explored further.

38. The work required to implement such changes is both complex and large in scale. It is the expectation of the Government, therefore, that there will be strengthened, coherent and sustained support from the international community to help implement the objectives and priorities set by the Government. The aim is to usher Haiti into a new era of economic growth and sustainable development, based

on domestic and foreign economic participation, with the goal of creating greater stability in the country so that Haiti can withstand natural disasters, be more resilient and pursue sustainable development in alignment with the Sustainable Development Goals.

39. It is clear that disaster risk management and resilience planning need to be integrated into development planning and management at all levels, but the Government does not appear to have the institutional and human resource capacity required to undertake such elaborate coordination and technical tasks. The few coordination bodies that exist seem for the most part to be failing and would need to be rebuilt.

40. Furthermore, Haiti is highly dependent on remittances from its diaspora, whose contribution is estimated at $2 billion annually. Those remittances have helped to support education, health and the subsistence requirements of the population, and could potentially be used to unlock other productive opportunities in agriculture and industry. The Group's interlocutors in Haiti were concerned that the future of this source of financing could be affected by decisions on the status of migrants in host countries. At all stages of the Group's engagement in Haiti, there were fervent pleas for fair and orderly handling of the issue. Given the importance of the issue, support in that regard should be encouraged.

III. Coherence and coordination among development partners

A. Transition from humanitarian assistance to nationally owned development: overview of United Nations system development activities in 2016-2017

41. For more than five years, cooperation between Haiti and the United Nations was guided by the integrated strategic frameworks for the periods 2010-2012 and 2013-2016. That strategic tool has enabled the United Nations to strengthen the coordination of interventions in support of the efforts made by the Government and the people for the rehabilitation and reconstruction of the country. However, changes in the national context, weak ownership of the integrated strategic framework by government partners and most United Nations agencies, and weak alignment of the agencies' programmes with the frameworks led to the development of a United Nations Development Assistance Framework for the period 2017-2021.

42. The Development Assistance Framework will also address the transition of the United Nations Stabilization Mission in Haiti (MINUSTAH) to the new United Nations Mission for Justice Support in Haiti (MINUJUSTH). A transition plan is being developed to ensure the effective transfer of certain activities to the Government and to United Nations agencies, and to a post-MINUSTAH institutional configuration.

43. Given the cross-cutting nature of the existing humanitarian issues and the humanitarian impact of Hurricane Matthew, as well as the recurrence of humanitarian crises in Haiti, a two-year humanitarian response planning process has been initiated. The humanitarian response plan is a complement to the post-disaster needs assessment, the Development Assistance Framework (2017-2021) and other multilateral and bilateral planning and programming frameworks. As in other fragile countries, the transition from a relief-focused operation — such as the one that followed the earthquake in 2010 — to a longer-term development approach in Haiti should be seen as a conscious effort to forge convergence between humanitarian and development efforts, as they need to be addressed simultaneously.

44. Finally, the United Nations country team in Haiti is in permanent dialogue with the national authorities and the affected communities in efforts to continue to support the National Plan for the Elimination of Cholera in Haiti 2013-2022, including the rapid response to cholera and the medium- and long-term actions to address the root causes of the cholera epidemic and of all waterborne diseases. In August 2016, the Government of Haiti requested the development of a medium-term plan for the elimination of cholera (2016-2018), which was drafted by the Ministry of Health with the support of the United Nations Children's Fund and WHO/PAHO. It has an estimated budget of $180 million and focuses on three areas, namely, coordination, treatment and prevention of transmission, and improvements to drinking water and sanitation.

45. The United Nations Development Assistance Framework (2017-2021) focuses on five priority areas of intervention, which are in line with the four pillars of the national development plan. The five outcomes below are effectively aligned with national priorities and the Sustainable Development Goals:

(a) Equitable access to livelihoods, decent and green jobs and productive resources, for all sectors of the population, especially the most vulnerable groups, in order to reduce poverty in all its forms in a supportive and inclusive socioeconomic and cultural environment;

(b) Improved access to and use of equitable and quality basic social services, including education and health for all, for all sectors of the population, especially the most vulnerable groups;

(c) Adoption and implementation by public institutions of equity policies and measures to protect and restore the human rights of vulnerable groups, and prevent violence and discrimination against those groups;

(d) Strengthening by national, regional and local institutions and civil society of the sustainable management of natural resources and the environment, and of the resilience of urban and rural areas and of the population, especially the most vulnerable groups, to natural disasters, climate change and humanitarian crises, in order to ensure sustainable development;

(e) Improvement of the rule of law and decentralization by public institutions and civil society for good governance at all levels of decision-making.

B. Security and stabilization efforts to ensure institutional strength: the transition from the United Nations Stabilization Mission in Haiti to the new United Nations Mission for Justice Support in Haiti, and new directions for the United Nations country team

46. While issues linked to the peacekeeping operation are not within its mandate, the Group was briefed on the transition from the United Nations Stabilization Mission in Haiti (MINUSTAH) to the new United Nations Mission for Justice Support in Haiti (MINUJUSTH). MINUJUSTH will be a peacekeeping operation focused on the rule of law, human rights and police, including support for political stability and good governance, electoral oversight and reform. In this regard, Goal 16 of the 2030 Agenda for Sustainable Development should be fully pursued.

47. In order to help preserve the legacy of MINUSTAH legacy, a joint MINUSTAH and country team transition plan that builds on the tangible results achieved by MINUSTAH is currently being developed. The plan includes a six-month period of Mission drawdown accompanied by other arrangements, including communications, resource mobilization, the bridging of operational gaps and the

filling of any new responsibilities that may arise as a result of the change to a configuration focused on development needs.

48. The Group welcomes the elaboration of the transition plan as it believes that a seamless transition from MINUSTAH to MINUJUSTH is essential for maintaining the peace and stability required for long-term sustainable development, as outlined in the Sustainable Development Goals. The Group also supports the proposal by the Secretary-General regarding the transfer of many of the essential civilian aspects addressed by MINUSTAH, such as the fight against cholera, to the new country team configuration in Haiti, and encourages further funding for that proposal. It will also be necessary to review the United Nations presence on the ground and the human resources therein in order to determine the new country team composition necessary for the transition to a Mission focused on long-term development needs. This may imply withdrawing or replacing some United Nations entities and missions.

C. Aid coordination and effectiveness: Haiti should not be left behind in the accomplishment of the 2030 Agenda and the Sustainable Development Goals

49. The Group continues to underscore the need for improved coordination of external support. The External Aid Coordination Framework for the Development of Haiti, serviced by the Ministry of Planning and External Cooperation, has been the framework for external aid coordination in the country since 2012. It should be noted, however, that the joint programme on aid effectiveness, which was supposed to facilitate the functioning of the Framework, has never been finalized or formally endorsed by the Government to serve as a joint road map for aid effectiveness. Furthermore, the Framework has not been utilized within the recent past to coordinate external assistance.

50. The election of the new Government, in February 2017, presents an opportunity to revitalize the various national aid coordination mechanisms. In this context, the Group welcomes the meeting on aid effectiveness held by the Comité d'Efficacité de l'Aide on 16 June 2017, more than three years since the last meeting was organized, which was intended to relaunch coordination efforts on the basis of strong national leadership. Coherence and coordination between all of the agencies of the United Nations system present in the country is a prerequisite for obtaining results.

51. As in the past, the Group emphasizes the importance of ensuring that development partners align their development cooperation activities with Government priorities and strategies in the framework of the 2030 Agenda and the achievement of all of the Sustainable Development Goals. The transition to a more peaceful and stable order should be used to address coordination challenges under stronger national leadership. The United Nations system must demonstrate, through its work in Haiti, the new dimension of the links between security and development as indicated in the resolutions of the General Assembly and Security Council on sustaining peace and in the objectives of the Secretary-General.

D. Role of non-governmental actors

52. As in years past, representatives of NGOs and the private sector advocated for their active and significant role in the future development of Haiti, including in transition planning.

53. The Group also took note of the disappointment expressed regarding the international response to the disasters the country has suffered since the earthquake, in 2010, and Hurricane Matthew, in 2016. Representatives of NGOs and the private sector were particularly stinging in their assessment of the handling of the cholera outbreak and the failure, thus far, to provide the funding promised under the new approach to cholera in Haiti.

54. Civil society representatives, including NGOs and the private sector, felt especially encouraged by the strong commitment and leadership of the new Government. Against this positive backdrop, they urged the international community to provide stronger support so as to ensure that the opportunity offered by the new political environment is secured for economic transformation.

IV. Conclusions and recommendations

55. Throughout the visit, the Group observed that there is an expectation on the part of the Haitian authorities and other stakeholders that all development partners, including the United Nations system and the Ad Hoc Advisory Group, will play a critical role as advocates for their priorities and in helping to mobilize urgent support to consolidate the successful but precarious electoral transition. Such support will be essential for translating any new strategic development vision into concrete action and results that will revitalize the political system, social services and the productive sectors, on the basis of national priorities for a sustainable development future.

56. The Group would like to draw the attention of the Economic and Social Council to the recommendations below.

57. The Group encourages the Government of Haiti to assume full leadership in and ownership of its national development and, in doing so, to:

(a) Elaborate its development priorities, which is vital for managing the smooth transition from humanitarian assistance to a focus on long-term sustainable development based on agriculture and industry; in that regard, existing coordination frameworks should be used to incorporate disaster preparedness, resilience management, the 2030 Agenda for Sustainable Development and the Sustainable Development Goals;

(b) Take urgent measures to strengthen public administration, service delivery and public management institutions, on the basis of sound rules and regulatory frameworks;

(c) Continue to consolidate the rapid pace at which it is reviewing, reforming and putting in place new frameworks to regulate and manage issues in areas such as the rule of law, justice, land use and tenure, labour, immigration and customs, and public finance;

(d) Reinforce and strengthen the rule of law, justice frameworks and the protection of human rights, particularly those of vulnerable groups, so as to enhance peace and stability, as well as revitalize the social contract within Haitian society;

(e) Build a national culture of protection from and response to national disasters;

(f) Improve hygiene awareness and health education, both of which are essential challenges facing the country;

(g) Revisit and revive the External Aid Coordination Framework for the Development of Haiti, working together with all development partners;

(h) Actively engage with civil society and the private sector at all stages of the national development process, including through enhanced support from the international community and the United Nations system;

(i) Consider requesting support from the Peacebuilding Commission, including its Peacebuilding Fund.

58. The Group believes that the international community can:

(a) Consider continuing to extend to the Government of Haiti more stable and predictable funding, which is critical for consolidating the transition to a new post-crisis approach and sustaining a peaceful and stable sustainable development future;

(b) Support the strengthening of the country's national aid coordination mechanism as part and parcel of the process of further elaborating a resilient and sustainable development framework for the achievement of the 2030 Agenda for Sustainable Development and all the Sustainable Development Goals;

(c) Continue its efforts to ensure that its development aid is well aligned with the priorities set out by the Government of Haiti;

(d) Support the Government's economic initiatives designed to ensure employment opportunities for returning Haitian migrants, recognizing the financial contribution migrants and the diaspora provide through their remittances;

(e) Support the Government in overcoming the many challenges it faces and in taking full advantage of the window of opportunity presented by the transition to an elected government;

(f) Explore innovative forms of cooperation and new partnerships for sustainable development;

(g) Work with the neighbouring country to formulate an island-wide resilience plan for responding to natural disasters and to establish a national emergency response.

59. With regard to the United Nations and other development partners, the Group recommends that:

(a) The United Nations country team continue to play a leading role in supporting the social and economic development of Haiti; the role of the Resident Coordinator in the evolving reconfiguration should be strengthened and, in this regard, consideration should be given to better funding of the Resident Coordinator's office so that it can play a more effective coordination role;

(b) Coordination of all United Nations actors on the ground in Haiti be strengthened, in a "One United Nations" model, including with the international financial institutions, in order to better synergize efforts and ensure better coordinated, coherent and more effective support for national development efforts, which is especially crucial in the context of the gradual shift from humanitarian approaches to long-term sustainable development. This will also necessitate increased flexibility regarding United Nations presence and support based on the priorities of the Government of Haiti;

(c) The United Nations system in Haiti support more inclusive and broader consultation with the Government and all stakeholders on the management of the transition from MINUSTAH to MINUJUSTH, which is necessary to promote a smoother and fully owned transition process, and to give the progress that was achieved in areas such as peace and stability, recovery from natural disasters,

improvements in national resilience plans to natural disasters and the fight against cholera a better chance of survival beyond the transition;

(d) Development support target, as a matter of priority, capacity-building, data collection and analysis and policy advice at the national and local government levels;

(e) Development support be well aligned with the priorities set out by the Government of Haiti;

(f) The Economic and Social Council and the Ad Hoc Advisory Group continue to play a critical role in advocating for the long-term development needs of Haiti with particular attention focused on ending extreme poverty and helping to obtain the support needed to consolidate the successful but precarious electoral transition, which requires using every available platform to communicate and mobilize action by different stakeholders at the global level.

Annex

Programme of the visits of the Ad Hoc Advisory Group on Haiti to Washington, D.C., and Haiti

Visit to Washington, D.C., 29 March 2017

10.30 a.m.	Meeting with representatives of the international financial institutions (Inter-American Development Bank, World Bank and International Monetary Fund)
12.45 p.m.	Working lunch with representatives of the Pan American Health Organization/World Health Organization and American Red Cross
2.30 p.m.	Meetings at the Organization of American States:

- Briefing by the Acting Principal Deputy Assistant Secretary of State for Western Hemisphere Affairs and Haiti Special Coordinator of the United States of America
- Presentations and exchange with directors of the Secretariat of the Organization of American States on the work of the Organization in Haiti
- Exchange with representatives of permanent missions and permanent observers to the Organization of American States that are members of the Core Group on Haiti

Visit to Haiti, 8-10 May 2017

Monday, 8 May 2017 (in Port-au-Prince)

11.45 a.m.	Welcoming of the delegation of the Ad Hoc Advisory Group on Haiti by the Ambassador and Permanent Representative of Haiti to the United Nations and the Deputy Special Representative of the Secretary-General, Resident Coordinator and Humanitarian Coordinator ad interim
12-1 p.m.	Briefing on the political context, transition and the rule of law
2-3.30 p.m.	Meeting with the United Nations country team
4-5 p.m.	Meeting with representatives of the Chamber of Commerce

Tuesday, 9 May 2017

8-9.30 a.m.	Visit to an agricultural site managed by the Association nationale des producteurs agricoles pour l'avancement de l'agriculture en Haïti
11 a.m.-12 p.m.	Visit to the HM Group Industrial Park
2-3 p.m.	Meeting with the President and members of the Haitian Chamber of Deputies
3-4 p.m.	Meeting with the President of the Haitian Senate and senators
4.30-6 p.m.	Meeting with the President of Haiti, the Prime Minister and members of the Cabinet
6-6.45 p.m.	Press stakeout

Wednesday, 10 May 2017

8.30-9.30 a.m.	Meeting with members of the diplomatic corps in Haiti
9.45-10.45 a.m.	Meeting with representatives of civil society
11 a.m.-12 p.m.	Debriefing with the Special Representative of the Secretary-General and the Deputy Special Representative of the Secretary-General, Resident Coordinator and Humanitarian Coordinator ad interim

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Coordination, programme and other questions: calendar of conferences and meetings in the economic, social and related fields

Letter dated 27 June 2017 from the Chair of the Committee on Conferences to the President of the Economic and Social Council

In response to the invitation of the Economic and Social Council set forth in its decision 1988/103, the Committee on Conferences met on 21 June 2017 to review the provisional calendar of conferences and meetings in the economic, social and related fields for 2018 and 2019 (E/2017/L.20) and welcomed the opportunity to provide, as appropriate, its recommendations thereon to the Council.

In introducing the provisional calendar, the Secretary of the Committee on Conferences drew the attention of the Committee to paragraph 11 of General Assembly resolution 53/208 A and paragraphs 5 to 9 of Assembly resolution 69/250, in which it was decided that United Nations bodies should be invited to avoid holding meetings on Orthodox Christmas, Orthodox Good Friday, the Day of Vesak, Yom Kippur, Diwali and Gurpurab and that those arrangements should be taken into account when drafting future calendars of conferences and meetings. Regarding the Day of Vesak, one Committee member commented that the listed date in 2018 may need adjustment. I understand that the dates listed as tentative are subject to adjustment once confirmed. Regarding the two official holidays of Eid al-Fitr and Eid al-Adha, once their exact dates become known, as with other official United Nations holidays, no official meetings will be scheduled on those days.

The Committee decided to recommend to the Council the adoption of the provisional calendar for 2018 and 2019.

(*Signed*) Lewis **Brown**
Chair of the Committee on Conferences

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High-level segment: ministerial meeting of the high-level political forum on sustainable development, convened under the auspices of the Economic and Social Council

High-level political forum on sustainable development, convened under the auspices of the Economic and Social Council

Identical letters dated 7 July 2017 from the Permanent Representative of Armenia to the United Nations addressed to the Secretary-General and the President of the Economic and Social Council

I am writing in relation to the undue politicization of the voluntary national review of Azerbaijan at the high-level political forum on sustainable development in 2017.

Azerbaijan abused the highly important process of voluntary national reviews to disseminate a blatant distortion of the history and current state of the Nagorno-Karabakh conflict resolution. Blaming the neighbour for its inability to deliver on its own commitments, both domestically and internationally, has become a usual practice for the oil-rich but inefficiently governed Azerbaijan. However, the following examples demonstrate that it is Baku's miserable governance record that should be blamed for Azerbaijan's failure to take proper care of its population.

Currently, Azerbaijan depends on oil and gas for 95 per cent of its exports.[1] Amnesty International observes that Azerbaijan's oil-dependent economy was deeply affected by falling oil prices and the decline of its currency, the manat, by half of its value. Food prices rose without an equivalent rise in wages."[2] The World Bank, meanwhile, notes that "2016 marked a year of economic recession for Azerbaijan. ... Inflation rose to 15.6 per cent annually, driven mainly by devaluation of the manat and rising domestic food prices. Investment and consumption fell sharply due to a deep cut in public investment, banking sector distress and a drop in

[1] See https://www.ft.com/content/b74409b2-be99-11e4-8036-00144feab7de?mhq5j=e1.
[2] See https://www.amnesty.org/en/countries/europe-and-central-asia/azerbaijan/report-azerbaijan/.

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real income."[3] It further notes that "current conditions do not appear conducive to significant poverty reduction".[3]

According to Freedom House, Azerbaijan remains "a deeply authoritarian State",[4] and recent years saw further aggressive steps from the executive to eliminate all criticism and dissent against a backdrop of mounting economic crisis.[4] The Organized Crime and Corruption Reporting Project, an investigative reporting platform, contains dazzling records of the abuse of public funds by the ruling elite of Azerbaijan.[5]

Particularly dismal is Azerbaijan's human rights record. For example, Human Rights Watch delivers a forthright verdict: "Azerbaijan's government continues to wage a vicious crackdown on critics and dissenting voices. The space for independent activism, critical journalism and opposition political activity has been virtually extinguished by the arrests and convictions of many activists, human rights defenders and journalists, as well as by laws and regulations restricting the activities of independent groups and their ability to secure funding".[6]

In 2015, the Committee against Torture expressed deep concern that "torture and ill-treatment are routinely used by law enforcement and investigative officials, or with their instigation or consent, often to extract confessions or information to be used in criminal proceedings" (see CAT/C/AZE/CO/4, para. 8). Those practices constituted an abuse of authority and violated the rule of law with which Azerbaijan had agreed to comply.

The recent report of the Special Rapporteur on the situation of human rights defenders lists the extensive systemic problems of Azerbaijan, identified during the Special Rapporteur's mission to Azerbaijan from 14 to 22 September 2016 (see A/HRC/34/52/Add.3). The report outlines serious drawbacks with regard to the civil society environment and the intensified crackdown to which it has been exposed. The political system is reported to be increasingly authoritarian, and corruption is widely perceived to be endemic and deeply institutionalized, permeating all spheres of public life, with entrenched political patronage networks and widespread conflicts of interest closely connected to the political elite. The Special Rapporteur is deeply concerned about the intimidation facing the families and relatives of defenders who carry out their activism from abroad, which in some cases has involved criminal charges being brought against those relatives. The report concludes that, "over the last several years, civil society in Azerbaijan has faced the worst situation since the country became independent" and that the Special Rapporteur was "alarmed to observe that human rights defenders increasingly operate in a rather criminalized and heavily constrained environment" (ibid., para. 111). Furthermore, the Special Rapporteur reports that "human rights defenders are increasingly at risk and do not feel safe because of increasingly restrictive legislation, the lack of access to justice and criminalizing actions by government authorities" (ibid., para. 114).

Recognizing that Azerbaijan's crackdown on civil society ran counter to its commitments, the Extractive Industries Transparency Initiative, an international coalition promoting better governance of resource-rich countries, has suspended Azerbaijan's membership owing to its failure to comply with the Initiative's standards and the values to which it had committed itself.[7] It is the first time that the Initiative has taken this step against any country. Similarly, the steering committee

[3] See http://pubdocs.worldbank.org/en/187821492616164862/Azerbaijan-Snapshot-19Apr2017.pdf.
[4] See https://freedomhouse.org/report/nations-transit/2016/azerbaijan.
[5] See https://www.occrp.org/en/corruptistan/azerbaijan/.
[6] See https://www.hrw.org/europe/central-asia/azerbaijan.
[7] See https://eiti.org/azerbaijan.

of the Open Government Partnership, a multilateral initiative aimed at securing concrete government commitments to strengthen transparency and governance, has voted to suspend Azerbaijan owing to unresolved core issues of concern, "specifically regarding constraints in the operating environment of non-governmental organizations".[8]

The number of pages of this letter would have to expand significantly to provide a record of the appalling corruption and human rights violations in Azerbaijan. Human rights organizations and anti-corruption groups, including Amnesty International[9] and Transparency International,[10] have repeatedly called for an independent investigation into suspicious money from Azerbaijan influencing decision-making in international forums. Recently, the Council of Europe has launched an investigation into a corruption scandal involving Azerbaijan.[11] This is yet another demonstration of Azerbaijan's deeply disturbing policies, representing a fundamental impediment to sustainable development in the country.

During the oil boom years, much of the new revenue was spent on extravagant projects and lavish shows of debatable importance.[12] "The military budget was increased to almost $4 billion a year, while other sectors — particularly those key to poverty alleviation and social welfare — received much less investment" (ibid.).

In its voluntary national review submissions, Azerbaijan yet again makes a deliberate attempt to deny responsibility for its policies. In order to conceal its monumental failures, the authorities of Azerbaijan opt for casting blame upon Armenia, propagating hatred towards Armenians in a convenient image of a "useful enemy". This is disingenuous and certainly not sustainable.

The policy of hatred and discrimination against the Armenians conducted in Azerbaijan at a government level has been consistently reported and brought to the attention of the international community. The European Commission against Racism and Intolerance, an independent human rights monitoring body established by the Council of Europe, in its report published in 2016, says: "concerning the many instances of hate speech directed at Armenians it is obvious that they are part of a policy of hardening confrontation with regard to the conflict over Nagorno-Karabakh".[13] The Committee on the Elimination of Racial Discrimination, in its concluding observations of May 2016 on the reports of Azerbaijan, expresses concern at the repeated and unpunished use of inflammatory language by politicians regarding the Nagorno-Karabakh conflict and at its adverse impact on the public's view of ethnic Armenians (see CERD/C/AZE/CO/7-9, para. 27).

Armenia welcomes the unwavering and continued support of the United Nations system and the Secretary-General for the internationally agreed format of negotiations for the peaceful resolution of the Nagorno-Karabakh conflict under the auspices of the co-chairs of the Minsk Group of the Organization for Security and Cooperation in Europe. Consolidated support for the negotiations by the international community is critical in deflecting attempts to pursue mediation

[8] See http://www.opengovpartnership.org/sites/default/files/attachments/OGPSteeringCommitteeResolutiononAzerbaijan-2.pdf.

[9] See https://www.amnesty.org/en/documents/eur55/5556/2017/en/.

[10] See http://transparency.eu/coe-vote-buying/.

[11] See https://www.occrp.org/en/daily/6523-council-of-europe-begins-internal-corruption-probe-over-azerbaijan.

[12] See http://carnegieeurope.eu/2016/09/23/azerbaijan-at-twenty-five-new-era-of-change-and-turbulence-pub-64671.

[13] See http://www.coe.int/t/dghl/monitoring/ecri/Country-by-country/Azerbaijan/AZE-CbC-V-2016-017-ENG.pdf.

shopping and lopsided interpretations of the causes and consequences of the conflict.

I request that the present letter be circulated as a document of the General Assembly, under agenda item 19, and of the Economic and Social Council under agenda items 5 (a) and 6, as well as an official document of the high-level political forum on sustainable development to be held from 10 to 19 July 2017.

(*Signed*) Zohrab **Mnatsakanyan**
Ambassador
Permanent Representative